

REPUBLIC OF KENYA



Enhancing Accountability



REPORT

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PAPERS LAID

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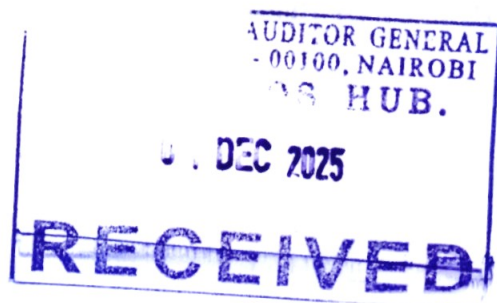
CHRISTINE NDIRITU

THE AUDITOR-GENERAL

ON

**MACHAKOS TECHNICAL
INSTITUTE FOR THE BLIND**

**FOR THE YEAR ENDED
30 JUNE, 2025**



MACHAKOS TECHNICAL INSTITUTE FOR THE BLIND (MTIB)

ANNUAL REPORT AND FINANCIAL STATEMENTS FOR THE
YEAR ENDED
30TH JUNE 2025

Prepared in accordance with the Accrual Basis of Accounting Method under the International Public
Sector Accounting Standards (IPSAS)

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1. Acronyms and Definition of Key Terms

A. Acronyms

BOG	Board of Governors
ICPAK	Institute of Certified Public Accountants of Kenya
IPSAS	International Public Sector Accounting Standards
PFM	Public Finance Management
PSASB	Public Sector Accounting Standards Board
TTI	Technical Training Institute
TTC	Teacher Training College
TVC	Technical Vocational College
MTIB	Machakos Technical Institute for the Blind

B. Definition of Key Terms

Fiduciary Management - Members of Management directly entrusted with the entity's financial resources.

Comparative Year- Means the prior period.

2. Key Entity Information and Management

(a) Background information

The institution was incorporated/ established under the TVET Act 2013 in 1958. The entity is domiciled in Kenya and is located at Machakos County, Machakos Town Constituency on the way to Wote has no branches. The institute is under the Ministry of Education, State department of Technical and Vocational Training. It consists of eight (8) academic and seven (7) non-academic departments as listed below:

Academic Includes:

1. Building and Civil Engineering
2. Automotive
3. Electrical and Electronics
4. Applied Science
5. Tannery and Leather work Technology
6. Business
7. ICT
8. Beauty Therapy and Cosmetology
9. Fashion Design and Knitting
10. Massage

Non- Academic:

1. Guidance & Counselling
2. Industrial Liaison Officer (ILO)
3. Office of Career Services (OCS)
4. Finance
5. Procurement
6. House keeping
7. Catering

(b) Principal Activities

Machakos Technical Institute for the Blind (MTIB) provides Technical Education and skills to the disadvantaged adults who are born blind or who become blind during their lifetime. The Institute also trains sighted post-secondary youths on technical, entrepreneurial and vocational skills for self-reliance

Mission

To rehabilitate persons with visual impairment and train both visually impaired persons and the sighted in vocational, technical and entrepreneurial skills, for social integration and global competitiveness.

Vision

A leading provider of rehabilitation, vocational, technical and entrepreneurial skills.

Values

Integrity: We are committed to act in an honest, accountable and transparent manner in all our undertakings.

Human dignity: We are committed to promote and uphold human dignity at all levels.

Confidentiality: We embrace the Principle of confidentiality in service delivery.

Efficiency: We strive to achieve efficiency in all our endeavours.

Courtesy: We shall endeavour to be courteous to all our clients.

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Core responsibilities

Our main roles in service delivery include.

- Rehabilitation of persons with visual impairment.
- Provision of vocational, technical and entrepreneurial training.
- Creating awareness on the needs and capabilities of persons with disabilities especially those with visual impairment.

(c) Key Management

The Institute's day-to-day management is under the following key organs:

- Board of Governors
- Accounting officer/ Principal
- Management team
- Trainers
- BOG Staff

(d) Fiduciary Management

The key management personnel who held office during the period ended 30th June, 2024 and who had direct fiduciary responsibility were:

SN.	Designation	Name
1.	Principal	DR. P. Nduku Mutua, PHD.
2.	Deputy principal Academic	Joseph Mutuku Ngemu
3.	Deputy principal Administration	Jeddy Wangui Muchiri
4.	Registrar	Joram Iringu Maina
5.	Dean of students	Symon Ngugi Munyiri
6.	Chief Finance Officer	CPA Francis Muli Nzioka
7.	Procurement Officer	Irene Jelimo Ruto

e) Fiduciary Oversight Arrangements

MTIB operations are managed by the following committees: -

1. Finance, Administration, Infrastructure & General Purpose committee.

The following are the members:-

NO.	NAME	RESPONSIBILITY
1.	Daniel Karanja Nyingi	Chairperson
2.	Dr. Mercy Kaburu	Member
3.	CPA Francis Muli Nzioka	Secretary (Chief Finance Officer)

TERMS OF REFERENCE

The Committee shall exercise all the powers of Board of Governors in financial matters except in relation to the items which are reserved to Board of Governors, on which the Committee shall advise Board of Governors.

The role of the Committee shall be to monitor the financial status of the Institute on behalf of Board of Governors. In addition to advising Board of Governors on those matters referred to above, the responsibilities shall include to:

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- a. Monitor and facilitate the implementation of the Institute’s strategic plan with regard to financial matters.
- b. Receive financial reports from the Principal and the Finance Officer.
- c. Monitor implementation of the strategy for the Institute’s estate.
- d. Receive reports of the extent and condition of the Institute estate including the efficiency of space utilisation, the consumption of energy and the adequacy of property insurance arrangements.
- e. Consider the adequacy of the Institute estate and proposals for its maintenance and development, including opportunities to dispose off and acquire new properties.
- f. Determine the fees and charges made for Institute services and facilities.
- g. Supervise the financial administration of the Institute and make recommendations to Board of Governors where appropriate.
- h. Supervise the arrangements for safeguarding of the Institute’s assets.
- i. Ensure the proper financial evaluation and control of projects.
- j. Ensure the appropriate exploitation of the Institute’s intellectual property.
- k. Make recommendations to Board of Governors on the financing of projects.
- l. Supervise the effective and efficient procurement and use of resources in accordance with the objectives of the Institute.
- m. Develop Finance Policy.
- n. Supervise the purchasing procedures and practices.
- o. Submit annual statements on its activities to Board of Governors.
- p. Receive and evaluate the Institute budget.
- q. Submit quarterly financial statements to the Board of Governors for approval

2 Risk and Audit committee.

The following are the members:-

NO.	NAME	RESPONSIBILITY
1.	Samuel K Kaloki	Chairperson
2.	Emma Ng’ang’a	Member
3.	Kevin M Aming’a	Secretary (internal auditor)

TERMS OF REFERENCE

- a. Review and provide on governance initiatives established by the BOG, the Government.
- c. Monitoring and ensuring timely implementation of recommendations of the various fiduciary oversight responsibilities including internal and external auditors,
- d. Overseeing continuing efficacy of accounting and internal control standards, policies and practices.
- e. Ensuring compliance with legal and partnership agreements on projects.
- f. Monitoring performance of key internal audit staff against approved performance contracts.
- g. The above responsibilities should not prevent the committee from carrying out any other asks

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3 Education , Research & Technology committee

NO.	NAME	RESPONSIBILITY
1.	Dr Mercy K Kaburu	Chairperson
2.	Solomon Bukhala	Member
3.	Felix Makana	Member
4.	Joseph Mutuku Ngemu	Secretary (Deputy Principal Academics)

TERMS OF REFERENCE FOR EDUCATION, RESEARCH AND TECHNOLOGY

1. Excellence in academic programmes, training, and evaluation of curriculum.

- Oversight of all academic programmes and standards:
- Quality and relevance of training to labor markets requirement
- Evaluation of examination results
- Review of the academic policy

2. Research, linkages, and collaboration:

- Identify researchable gaps, with a special focus on but not limited to inclusive education
- Establish workable linkage and collaboration with industry and other stakeholders, taking cognizance of the speciality of MTIB
- Promotion of research and innovation among staff and trainees

3. Integration of ICT in training and research

- ICT function in the institution
- Integrating ICT in the operations of the institution
- Identifying ICT related risks and managing them
- Utilizing ICT in monitoring the performance of the institution.

4. Staff welfare

- Hire and promote board staff on need bases
- Disciplining staff and trainees based on policies and laws
- Accurate and timely reports to the board of governors relating to staff needs

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f) Entity Headquarters

P.O. Box 112-90100
Machakos –Wote Road
MACHAKOS, KENYA

g) Entity Contacts

Telephone :(254) 733844614
E-mail: mtib2016@gmail.com
www.mtib.ac.ke

h) Entity Bankers

1. Standard Chartered Bank
Machakos Branch,
P.O. Box
City Square 90100
Machakos, Kenya

i) Independent Auditors





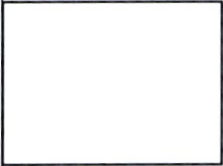

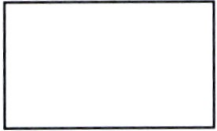
Auditor General
Office of Auditor General
Anniversary Towers, Institute Way
P.O. Box 30084
GPO 00100
Nairobi, Kenya

j) Principal Legal Adviser

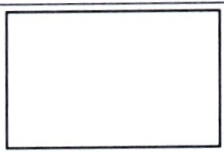


The Attorney General
State Law Office
Harambee Avenue
P.O. Box 40112
City Square 00200
Nairobi, Kenya

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3.The Board of Governors








<i>SN.</i>	<i>Member/ Director</i>	<i>Details</i>
1.	 <p>Name; Alex N. Kaluyu Designation: Chairman</p>	<p>Date of birth: 15/07/1973 <u>Key Qualifications</u> Bsc. (Agribusiness Management) Work experience: 22years Date of appointment: 03/11/2021</p>
2.	 <p><i>Daniel Nyingi Karanja</i> Designation: Member</p>	<p>Date of birth: 13/10/1978 <u>Key Qualifications</u> Master of Business Administration (Strategic Management) Work Experience: Date of appointment: 03/11/2021</p>
3.	 <p><i>Solomon Bukhala</i> Designation: Member</p>	<p>Date of birth: 27/08/1958 <u>Key Qualifications</u> Masters of Arts in Project Planning & Management Work Experience: 40 years Date of appointment: 03/11/2021</p>
4.	 <p><i>Samuel Kaloki</i> Designation: Member</p>	<p>Date of birth:06/12/1960 <u>Key Qualifications</u> Master of Business Administration Work Experience: 37 years Date of appointment: 03/11/2021</p>
5.	 <p><i>Felix Makana.</i> Designation: Member</p>	<p>Date of birth: <u>Key Qualifications</u> Bachelor of Engineering- Telecommunication Work Experience: 14 years Date of appointment: 28/02/2025</p>
6.	 <p><i>Emma Ng'ang'a</i> Designation: Member</p>	<p>Date of birth: 21/09/1957 <u>Key Qualifications</u> MSc Entrepreneurship Development Work Experience: 42 years Date of appointment:</p>
7.		
8.	 <p>Dr. Lawrence Quantai Alternate Member</p>	<p>Representing the Principal Secretary Ministry of Education, State department of Vocational & Technical Training</p>

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9.		Maryann Hassan County Director of TVET	Representing the Director TVET, State department of Vocational & Technical Training
10.		Dr. P. Nduku Mutua Designation: Secretary	Date of birth: 15/11/1967 <u>Key Qualifications</u> PhD in Curriculum Studies Work Experience: 28 years Date of appointment: 03/11/2021
11.		Dr. Mercy Kaburu Designation: Member	PhD in International Relations Work Experience: 27 years Date of appointment: 03/11/2021

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4. Key Management Team

<i>SN</i>	<i>Member/ Director</i>	<i>Details</i>
1.	 Dr. P. Nduku Mutua PHD in Curriculum Studies	Chief Principal
2.	 Jeddy W. Muchiri Bachelor of Education - Arts	Deputy Principal - Administration
3.	 Joseph Mutuku Ngemu Master of Science- Computer intelligence	Deputy Principal – Academics
4.	 Joram I. Maina Higher Diploma in Entrepreneurship, Diploma in Technical Education	Registrar
5.	 Symon Ngugi Munyiri Bachelor of Commerce - Accounting	Dean of Students
6.	 CPA N. Francis Muli BBM Finance, CPA (k)	Chief Finance Officer
7.	 Irene J. Ruto Degree in Procurement Management	Procurement Officer

5. Chairman's Statement Preamble

Machakos Technical Institute for the Blind was established with the aim of rehabilitation of visually impaired learners/persons and providing knowledge and skills to the visually impaired persons and sighted students all in Kenya and beyond. The mandate of the Institute is to rehabilitate, train, impart skills, knowledge and institutionalize effective research and development geared towards production of competent graduates who will contribute to high and sustainable socio-economic development and self-reliance. The Institute continues the same commitment through integration of both Visually Impaired and Sighted learners.

Key Activities

During the 2024/2025 Financial Year the Institute undertook the following activities:

1. Commissioning and handing over of the leather waste management plant.
2. Rolled out the use of LPGs gas for cooking phasing out use of firewood.
3. Undertook exhibitions in TVET Fair.

Successes

The Institute has been successful in the following areas:

- i. Partnership with Dedan Kimanhi University of Technology to train trainers and some students in Leather Technology.
- ii. Partnership with Toyota Kenya Foundation to sponsor students with fees payment challenges.
- iii. Recruitment of 20 new trainers.

Challenges

During the FY 2024/2025 the Institute faced the following challenges:

- i. Inadequate physical Infrastructure- lecture rooms, workshops, hostels, staff houses, resource centre and dinning /multipurpose hall.
- ii. Inadequate Land for expansion
- iii. In adequate staff, both trainers and support
- iv. Security threats due to lack of securing of the compound
- v. Poor fees payment
- vi. Delayed GOK funding

Way forward/ Future Outlook

In order to address the above challenges, the Institute has planned to carry out the following activities during the FY 2024/2025

1. Fence the land – a perimeter wall
2. Construct and equip a Dinning / multipurpose hall
3. Purchase furniture
4. Look for land adequate for field
5. Initiate Corporate Social Responsibility activities
6. Strengthen the Institute financial base through enhancing the existing income generating activities and starting others

The Institute also plans to increase industrial linkages and partnerships so as to enhance training. Finally it is the ambition of the Institute to become a Centre of Excellence in Leather Technology in the near future.


CHAIRMAN
BOARD OF GOVERNORS
MACHAKOS TECHNICAL INSTITUTE
FOR THE BLIND
P.O. Box 112-90163, MACHAKOS

Name: Alex N. Kaluyu

Chairman, Board of Governors

6. Report of the Chief Principal

Key Activities

During the 2024/2025 Financial Year the Institute undertook the following activities:

1. Procuring of Institute financial operating system.

The Institute procured an operating system that will assist the Institute in students' admission / Registration, Examination analysis, Biometrics, Human Resource Management, Payroll and Finance Management.

2. Initiating a collaboration with Peling Leather Company.

The signed a Memorandum of Understanding with Pelings Leather Company to jointly Manufacture and sale shoes and other related goods using the Institute Machines.

3. Partnership with National and International bodies.

The Institute collaborated with the following:-

- Dedan Kimanathi University of Technology in training of 13 students in Leather Technology.
- National Council for Persons with Disabilities (NCPWD) in paying fees for needy students.
- Toyota Kenya Foundation in paying fees to needy visually impaired students.

4. Participated in TVET Fair.

The Institute participated in Nairobi Region Tvet Fair exhibitions where the Institute won a few trophies in Cosmetology, Building (Carpentry), Leather and Clothing Technology.

Successes

The Institute has been successful in the following areas:

- i. Partnership with Dedan Kimanathi University of Technology in training of their students in Leather Technology.
- ii. 90% of the trainers have been trained in CBET. This will enable the trainers to implement CBE training which will go a long way in achieving the BETA Initiative.
Took part in the TVET fair for Nairobi region.

Challenges

During the FY 2024/25 the Institute faced the following challenges:

i. Infrastructure

We are facing a major challenge in physical infrastructure due to the growing numbers. There is need for more classrooms, workshops offices, hostels and staff houses. Due to this challenge the Institute reconverted the food court into hostel and classrooms.

ii. In adequate Land for expansion

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The Institute has limited land for expansion as needs land as a matter of urgency for students sports and games activities.

iii. In adequate staff

The Institute has 74 trainers in post compared to the required 96 to effectively handle the increased number of trainees. The non-teaching staff establishment in post is 39 compared to the proposed establishment of 54.

iv. In accessible buildings to people with physical disabilities.

Our compound is not even and well levelled and this poses a challenge in mobility especially for the Visually Impaired students.

v. Inadequate furniture.

Furniture for both staff and students is inadequate due to the growing college population.

vi. Delayed GOK funding

The delayed disbursement of development funds by the government led to delay in implementation of planned projects.

Way forward/ Future Outlook

In order to address the above challenges, the Institute has planned to carry out the following activities during the FY 2024/2025.

1. Construct Perimeter wall to address the problem of uncontrolled entry points and boost security.
2. Reinforce the fence to boost security.
3. Purchase furniture. More chairs, desks and tables for staff and students will be purchased.
4. Plan and undertake Corporate Social Responsibility activities.
5. Strengthen the Institute financial base through increasing income generating activities such as partnerships with International, National and County governments, soliciting for donor funding.
6. Strengthening the operation of the existing income generating activities and hiring out Institute facilities for seminars and conferences among others

Financial Performance of the Institute

In the FY 2024/2025 the Institute collected Kshs.95,583,515 in A.I.A (Appropriation in Aid) an increase of kshs. 34,331,003.27 from Kshs. 61,252,512 posted in FY2023/2024. This was caused by the increase in students' enrolment and hire of facilities.

Looking ahead, the Institute aspires to become a Centre of Excellence in Leather Technology training, reinforcing its commitment to quality and specialized technical education.


CHIEF PRINCIPAL
MACHAKOS TECHNICAL INSTITUTE
FOR THE BLIND
P.O. Box 112 - 90100, MACHAKOS
Date: 27/11/25

Dr. P. NDUKU MUTUA
Chief Principal/ Secretary, BOG

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7. Statement of Performance against Predetermined Objectives

MTIB has four strategic pillars and objectives within its Strategic Plan for the FY 2022/2023-2027/2028. These strategic pillars are as follows:

Pillar 1: To provide rehabilitative and training skills

Pillar 2: Improve on fund sourcing.

MTIB develops its annual work plans based on the above two pillars. Assessment of the Board's performance against its annual work plan is done on a quarterly basis. The MTIB achieved its performance targets set for the FY 2024/2025 period for its strategic pillars, as indicated in the diagram below:

Strategic Pillar		Objective	Key Performance Indicators	Activities	Achievements
Pillar 1:	To provide rehabilitative skills	To provide high quality education and training on technical and entrepreneurial skills to improve employability and self-employment opportunities for MTIB graduates	Specialized staff recruited	Recruit additional staff	Improved performance
Pillar 2:	To improve MTIB fund sourcing	To provide quality and timely services to the clients.	Quality of service delivered by the office	Establish a linkages	Improved networking, partnership development

8. Corporate Governance Statement

(i) Appointment of BOG Members

The Board of Governors was appointed by the Cabinet Secretary Ministry of Education with effect 12th November , 2024 for a term of three years, there are 9 board members comprising of the Chairman a member representing Principal Secretary, Ministry of Education state department of Vocational and Technical Training, a representative of County Governor- Machakos County and six (6) other members appointed under leadership and management, Financial management, Technology, Industry, Engineering and ICT, The Principal is secretary to the Board. The Board may set up sub-committees and assign them responsibilities as it may deem fit.

(ii) Meeting of the Board and its Committees.

• **Board of Governors meetings**

The meeting of the board are held at least once every term in a calendar year. In order to facilitate the smooth running of its affairs, the Institute board establishes such committees with the membership and with such terms of reference as it may deem fit. The chairperson may at any time call upon request by a majority of the members call special meeting of the council. During the year 2024/25 the board and its committees held a total of 18 meetings (both ordinary and special meetings). The record of meetings attendance of the board and its committee is tabulated below:-

Boards' and its committee meetings.

S/No	Name of Committee	No. of Regular meetings	No of Special Meeting
1.	Full Board	6	2
2	Executive Board of Governors	0	0
3.	Finance and Audit Committee	12	1
	Total	18	3

• **Committee of the board of governors**

In order to facilitate the smooth running of its affairs, the Institute Board establishes such committees with the membership and with such terms of reference as it may deem fit. The following committees were in place during the year 2025:-

- i. Finance, administration, infrastructure and general purpose
- ii. Education research and technology
- iii. Risk and audit

The board of Governors nominates the Chairperson of each committee of the board provided that in the absence of the Chairperson of any committee, the members present and constituting a quorum may select one person from among them to chair the meeting. The chairperson of the Institute Board and the Principal are ex-offio members of every committee of the board.

(iii) Role and Functions of Board of Governors

The functions of the organs set out under section 28 (1) shall include:-

- (a) Overseeing the conduct of Education and training in the institutions in accordance with the provisions of this TVET Act and any other written law.
- (b) Promoting and maintaining standards, quality and relevance in education and training in the institutions in accordance with this TVET Act and any other written law.
- (c) Administering and managing the property of the institution;
- (d) Developing and implementing the institutions' strategic plan;

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- (e) Preparing annual estimates of revenue and expenditure for the institution and incurring expenditure on behalf of the institutions;
- (f) Receiving, on behalf of the institution, fees, grants, subscriptions, donations, bequests or other moneys and to make disbursement to the institution or other bodies or persons;
- (g) Determining the fees payable and prescribing conditions under which fees may be remitted in part or in whole in accordance with the guidelines developed under the provisions TVET Act; 855 2013 Technical and Vocational Education and Training No. 29
- (h) Mobilizing resources for the institutions.
- (i) Developing and reviewing programmes for training and to make representations thereon to the Board.
- (j) Regulating the admission and exclusion of students from the institutions, subject to a qualifications framework and the provisions of this Act;
- (k) Approving collaboration or association with other institutions and industries in and outside Kenya
- (l) Recruiting and appointing trainers from among qualified professionals and practising trade's persons in relevant sectors of industry;
- (m) Determining suitable terms and conditions of service for support staff, trainers and instructors and remunerating the staff of the institutions, in consultation with the TVET Authority;
- (n) Making regulations governing organization, conduct and discipline of the staff and students;
- (o) Preparing comprehensive annual reports on all areas of their mandate, including education and training services and submits the same to the ministry
- (p) Providing for the welfare of the students and staff of the institutions;
- (q) Encouraging, nurturing and promoting democratic culture, dialogue and tolerance in the institutions. (r) Discharging all other functions conferred upon it by this Act or any other written law.

(iv) Board remuneration

The board of governors do not receive a salary. They are however paid sitting allowance for every meeting attended.

(v) Induction Training

The TVET Act No. 29 of 2013 Section 28 and 29 establishes and gives mandate to the Board of Governors to manage the TVET institutions on behalf of the Cabinet Secretary.

It is a requirement that the Governing members understand their functions and conduct through induction program, well and hence need for induction.

The board was trained in the FY2024/2025 from 7th -9th May, 2015 at WRTI Naivasha. The following topics were covered:-

Role of Board of Governors in TVET institution.

- i. Policies, Laws and TVET reforms.
- ii. Corporate Governance in TVET institutions.\
- iii. Financial Management in TVET institutions.
- iv. Procurement and Assets Disposal in TVET institutions
- v. Human Resource Management.
- vi. Project Management.

9. Management Discussion and Analysis

Section A

The entity’s operational and financial performance

In carrying out our duties, we intend to put our efforts towards contributing effectively and efficiently to the achievement of the National development agenda as espouse in the Kenya Vision 2023, keeping in mind the specific priorities of the Machakos Technical Institute for the Blind(MTIB) We will also pay special attention to implementation of CBET Training. Bearing in mind the imperative of inclusivity, we will implement the following Strategic Intentions during the Financial Year:

1. Train in areas of Technical and Vocational Education as stipulated in the TVET Act 2013.
2. Provide the required leadership in designing suitable plans and strategies that will contribute to high and sustainable socio-economic development.
3. Ensure that MTIB has a credible Fifth Generation Strategic plan and Performance Contract that will deliver the desired goals.

In achieving the above targets, it is also our undertaking that we will perform our responsibilities diligently and to the best of our abilities to support the achievement of the agreed performance targets.

Operational Performance;

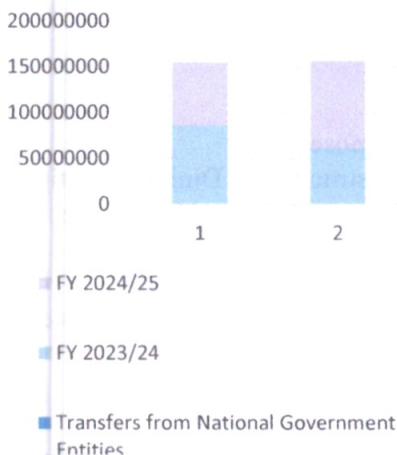
The institute realised a significant increase in revenue collection compared by the period FY 2024/25 last year.

NO		Year 2024/2025	Year 2023/2024
1	Total Revenue	164,558,308	147,188,513
2	Total Expenses	183,805,464	146,026,318
	Surplus/Deficit	-19,247,156	1,162,195

Revenue & Expenses

In the year Transfer from National government dropped to kes68,676,933 from kes85,422,561 in year 2023-24. On Expenses, use of goods & services was highest at Kes 149,914,173 represented by blue in the pie chart.

REVENUE



EXPENSES



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The BETA Initiatives

1. Complete construction of Dining /Multipurpose hall. In FY 2024-2025 the Board commits to complete construction of Second and final floor of Dining hall. This will create a spacious eating place for trainees, curriculum activities and conference activities to some extent.
2. Increase trainees' enrolment. In FY 2024 -2025 the board has committed to increase the overall enrolment from 632 to 1000 trainees through various marketing campaigns.
3. Implement Competency Based Education and Training (CBET) Curriculum. In the FY 2024-2025 the Board commits to implement at least level 3 of the following -----new courses under CBET Curriculum to align training with industry demand.
4. Project Completion Rate in the FY 2024 -2025 the Board commits to implement and complete all its projects.

Section B

Entity's compliance with statutory requirements

The Institution has full compliance with statutory requirements ie NSSF, NHIF, NITA, Housing Levy and PAYE. The Institute has no material arrears in statutory and other financial obligation.

Section C

Key projects and investment decisions the MTIB is planning/implementing.

Machakos Technical Institute for the Blind is in process of constructing a multipurpose/Dining hall which when complete will provide spacious room for trainees to have their meals inside and also create adequate facility for promotion of extra-curriculum talent nurturing. The completed block will also create more space even for stakeholders who may find the facility useful in terms of conference facilities and workshops and thus the Institute getting some income. The projected is funded by the Government through Ministry of Education, State Department of Technical and Vocational Training.

Once the project is completed and launched it is expected to assist the Institute in terms of revenue generation through hiring out of the facilities to potential uses for purposes of conferences and workshops. The revenue earned could be used to maintain the facility and also for continuous uplifting.

Vision 2030 Flagship Programmes / Projects

(a) Completion of Construction Dining / Multipurpose hall.

In the FY 2024-2025 the Board commits to complete construction of Dining / Multipurpose hall which is at 85%. This will create a conducive environment for students especially during meetings.

(b) Renovation of staff houses to guest house

In the FY 2024-2025 the Board committed to convert the staff to guest houses, this entails improvement and redesigning of the rooms and the whole houses.

Section D

Major risks facing the MTIB

There are no operational major risk facing the institute at moments, except the market risk caused by abrupt change in prices of goods and poor fees payment by learners.

Section E

Material arrears in statutory/financial obligations

During the period of reporting Machakos Technical Institute for the blind had material arrears in statutory/financial obligation since all suppliers were paid within the period of credit limit and there were no loans, pension and dividends to pay.

Section F

The MTIB's financial probity and serious governance issues

There were no financial probity and any serious governance issues reported within the period under review. In case of such the Machakos Technical Institute for the blind has put down measures to address such starting from having an active Board of Governors, Top Management team and establishment of all relevant committees.

10. Environmental And Sustainability Reporting Statement

- i. Sustainability strategy and profile
- ii. Environmental performance
- iii. Employee welfare
- iv. Market place practices-
- v. Corporate Social Responsibility / Community Engagements

11. Report of the Board of Governors

The Board members submit their report together with the audited financial statements for the year ended June 30, 2025, which show the state of the MTIB affairs.

Principal activities

The principal activities of the entity are rehabilitation and training.

Results

The results of the entity for the year ended June 30 are set out on page 1.

Board of Governors

The members of the Board /Council who served during the year are shown on page x. During the year no director retired/ resigned and none was appointed.

MACHAKOS TECHNICAL INSTITUTE FOR THE BLIND (MTIB)
Annual Report and Financial Statements for the year ended 30th June 2025

Auditors

The Auditor General is responsible for the statutory audit of MTIB in accordance with Article 229 of the Constitution of Kenya and the Public Audit Act 2015 .

By Order of the Board

.....

Secretary of the Board

NAIROBI

Date:

12. Statement of Board of Governors/ Council's Responsibilities

Section 83 of the Public Finance Management Act, 2012 and section 29 of schedule 2 of the Technical and Vocational Education and Training Act, 2013 require the board members to prepare financial statements in respect of that Machakos Technical Institute for the Blind (MTIB), which give a true and fair view of the state of affairs of the institute for the period ended FY 2024- 2025 and the operating results of the MTIB for that period. The board members are also required to ensure that the MTIB keeps proper accounting records which disclose with reasonable accuracy the financial position of the institute. The council members are also responsible for safeguarding the assets of the institute.

The board members are responsible for the preparation and presentation of the institute's financial statements, which give a true and fair view of the state of affairs of the institute for and as at the end of the financial period ended on 30.06.2025.

This responsibility includes: (i) maintaining adequate financial management arrangements and ensuring that these continue to be effective throughout the reporting period; (ii) maintaining proper accounting records, which disclose with reasonable accuracy at any time the financial position of the institute; (iii) designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of the financial statements, and ensuring that they are free from material misstatements, whether due to error or fraud; (iv) safeguarding the assets of the institute; (v) selecting and applying appropriate accounting policies; and (vi) making accounting estimates that are reasonable in the circumstances.

The board members accept responsibility for the institute's financial statements, which have been prepared using appropriate accounting policies supported by reasonable and prudent judgements and estimates, in conformity with International Public Sector Accounting Standards (IPSAS), and in the manner required by the PFM Act, 2012 and section 29 of schedule 2 of the Technical and Vocational Education and Training Act, 2013. The board members are of the opinion that the institutes' financial statements give a true and fair view of the state of institute's transactions during the period ended 30.6.2025, and of the institutes' financial position as at that date. The council members further confirm the completeness of the accounting records maintained for the institute, which have been relied upon in the preparation of the institutes' financial statements as well as the adequacy of the systems of internal financial control.

Nothing has come to the attention of the council members to indicate that the MTIB will not remain a going concern for at least the next twelve months from the date of this statement.

Approval of the financial statements

The MTIB financial statements were approved by the Board on 21st August, 2025 and signed on its behalf by:

CHAIRPERSON
BOARD OF GOVERNORS
MACHAKOS TECHNICAL INSTITUTE
FOR THE BLIND
P.O. BOX 122 - 40100, MACHAKOS

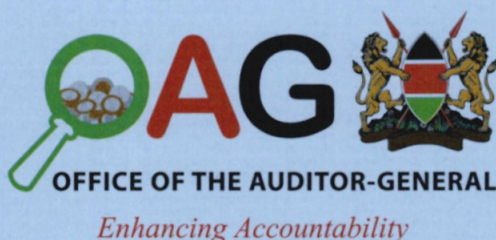
CHIEF PRINCIPAL
MACHAKOS TECHNICAL INSTITUTE
FOR THE BLIND
P.O. Box 122 - 40100, MACHAKOS
Date:

.....
Name: Mr Alex N Kaluyu
Chairperson of the Board/Council

.....
Name: Dr P. Nduku Mutua
Accounting Officer/Chief Principal

REPUBLIC OF KENYA

Telephone: +254-(20) 3214000
Email: info@oagkenya.go.ke
Website: www.oagkenya.go.ke



HEADQUARTERS
Anniversary Towers
Monrovia Street
P.O Box 30084-00100
NAIROBI

REPORT OF THE AUDITOR-GENERAL ON MACHAKOS TECHNICAL INSTITUTE FOR THE BLIND FOR THE YEAR ENDED 30 JUNE, 2025

PREAMBLE

I draw your attention to the contents of my report which is in three parts:

- A. Report on Financial Statements that considers whether the financial statements are fairly presented in accordance with the applicable financial reporting framework, accounting standards and the relevant laws and regulations that have a direct effect on the financial statements;
- B. Report on Lawfulness and Effectiveness in the Use of Public Resources which considers compliance with applicable laws, regulations, policies, gazette notices, circulars, guidelines and manuals and whether public resources are applied in a prudent, efficient, economic, transparent and accountable manner to ensure the Government achieves value for money and that such funds are applied for the intended purpose; and,
- C. Report on Effectiveness of Internal Controls, Risk Management and Governance which considers how the entity has instituted checks and balances to guide internal operations. This responds to the effectiveness of the governance structure, risk management environment and internal controls, developed and implemented by those charged with governance for orderly, efficient and effective operations of the entity.

An Unmodified Opinion is issued when the Auditor-General concludes that the financial statements are fairly presented in accordance with the applicable financial reporting framework. The Report on Financial Statements should be read together with the Report on Lawfulness and Effectiveness in the Use of Public Resources, and the Report on Effectiveness of Internal Controls, Risk Management, and Governance.

The three parts of the report aim to address the Auditor-General's statutory roles and responsibilities as provided by Article 229 of the Constitution, the Public Finance Management Act, 2012, and the Public Audit Act, 2015. The three parts of the report when read together constitute the report of the Auditor-General.

REPORT ON THE FINANCIAL STATEMENTS

Opinion

I have audited the accompanying financial statements of Machakos Technical Institute for the Blind set out on pages 1 to 49, which comprise of the statement of financial position as at 30 June, 2025, and the statement of financial performance, statement of changes in net assets, statement of cash flows and statement of comparison of budget and actual

amounts for the year then ended and a summary of significant accounting policies and other explanatory information in accordance with the provisions of Article 229 of the Constitution of Kenya and Section 35 of the Public Audit Act, 2015. I have obtained all the information and explanations which to the best of my knowledge and belief, were necessary for the purpose of the audit.

In my opinion, the financial statements present fairly, in all material respects, the financial position of Machakos Technical Institute for the Blind as at 30 June, 2025 and of its financial performance and its cash flows for the year then ended, in accordance with International Public Sector Accounting Standards (Accrual Basis) and comply with the Technical and Vocational Education and Training Act, 2013 and the Public Finance Management Act, 2012.

Basis for Opinion

The audit was conducted in accordance with International Standards of Supreme Audit Institutions (ISSAIs). I am independent of the Machakos Technical Institute for the Blind Management in accordance with ISSAI 130 on the Code of Ethics. I have fulfilled other ethical responsibilities in accordance with the ISSAI and in accordance with other ethical requirements applicable to performing audits of financial statements in Kenya. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

Key Audit Matters

Key audit matters are those matters that, in my professional judgement, are of most significance in the audit of the financial statements. There were no key audit matters to report in the year under review.

Other Matter

Unresolved Prior Year Audit Matters

In the prior years' audit reports, several issues were raised under the Report on Financial Statements, Lawfulness and Effectiveness in Use of Public Resources, and Effectiveness of Internal Controls, Risk Management and Governance, respectively. Review of the status during audit of Machakos Technical Institute for the Blind for the financial year 2024/2025 revealed that the following matters remained unresolved.

No.	Financial Year	Audit Issue
1.	2023.2024	Shortage of Critical Technical Staff
2.	2023/2024	Non-Compliance with Law on Ethnic Composition

Other Information

The Management is responsible for the Other Information set out on pages v to xxiii which comprise of Key Entity Information and Management, The Board of Governors, Key Management Team, Chairman's Statement, Report of the Chief Principal, Statement of Performance Against Predetermined Objectives, Corporate Governance Statement, Management Discussion and Analysis, Environmental and Sustainability Reporting

Statement, Report of the Board of Governors, and Statement of Board of Governors Responsibilities, The Other Information does not include the financial statements and my audit report thereon.

In connection with my audit on the Institute's, financial statements, my responsibility is to read the Other Information and in doing so, consider whether the Other Information is materially inconsistent with the financial statements, or my knowledge obtained in the audit or otherwise appears to be materially misstated. If based on the work I have performed, I conclude that there is a material misstatement of this Other Information, I am required to report that fact. I have nothing to report in this regard.

My opinion on the financial statements does not cover the Other Information and accordingly, I do not express an audit opinion or any form of assurance thereon.

REPORT ON LAWFULNESS AND EFFECTIVENESS IN USE OF PUBLIC RESOURCES

Conclusion

As required by Article 229(6) of the Constitution, based on the audit procedures performed, except for the effect of the matters described in the Basis for Conclusion on Lawfulness and Effectiveness in the Use of Public Resources section of my report, I confirm that nothing else has come to my attention to cause me to believe that public resources have not been applied lawfully and in an effective way.

Basis for Conclusion

1. Failure to Deduct and Remit Pay As You Earn (PAYE)

The statement of financial performance and as disclosed in Note 16 to the financial statements reflect Board expenses totalling Kshs.2,668,000. Review of payment vouchers on Board expenses revealed that Board allowances were paid without deducting and remitting PAYE. This is contrary to Section 19(4) of the Employment Act, 2007 which require an employer who deducts an amount from an employee's remuneration to pay the amount so deducted in accordance with the time period and other requirements specified in the law. In addition, Note 16 reflects the total amount as directors emoluments without disclosing Chairman's Honoraria separately as required by the reporting template.

In the circumstances, Management was in breach of law.

2. Failure to Open a Bank Account for Refundable Deposits

The statement of financial position reflects refundable deposits from customers of Kshs.1,383,148 as disclosed in Note 27 to the financial statements. However, the Institute does not maintain a separate bank account for deposits which led to utilization of funds for other operations, undermining accountability and the principle of safeguarding third-party funds. This is contrary to Section 149(1) of the Public Finance Management Act, 2012 which stipulates that an Accounting Officer is accountable to the County Assembly

for ensuring that the resources of the entity for which the officer is designated are used in a way that is lawful and authorized, effective, efficient, economical and transparent.

In the circumstances, Management was in breach of law.

3. Lack of an Imprest Register

Review of payment vouchers in respect to imprests revealed that the Institute does not maintain an imprest register. This is contrary to Regulation 92(4)(c) of the Public Finance Management (National Government) Regulations, 2015 which states that before issuing temporary imprests under Paragraph (2), the Accounting Officer shall ensure that the applicant has been recorded in the imprest register including the amount applied for.

In the circumstances, Management was a breach of law.

4. Unsupported Staff Recruitment

The Institute recruited teaching staff on behalf of Public Service Commission during the year under delegated authority. However, the list of advertised positions, the long list of all applicants, the short list, individual panelist's score sheets, the merit list approved by the Board for onward transmission to the Public Service Commission for appointment and appointment letters for the new staff members posted to the Institute were not provided for audit review.

In the circumstances, the fairness and accountability of the recruitment process could not be confirmed.

The audit was conducted in accordance with ISSAI 3000 and ISSAI 4000. The standards require that I comply with ethical requirements and plan and perform the audit to obtain assurance about whether the activities, financial transactions and information reflected in the financial statements comply in all material respects, with the authorities that govern them. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

REPORT ON EFFECTIVENESS OF INTERNAL CONTROLS, RISK MANAGEMENT AND GOVERNANCE

Conclusion

As required by Section 7(1)(a) of the Public Audit Act, 2015, based on the audit procedures performed, I confirm that nothing has come to my attention to cause me to believe that internal controls, risk management and governance were not effective.

Basis for Conclusion

The audit was conducted in accordance with ISSAI 2315 and ISSAI 2330. The standards require that I plan and perform the audit to obtain assurance about whether effective processes and systems of internal control, risk Management and overall governance were operating effectively in all material respects. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my conclusion.

Responsibilities of Management and the Board of Governors

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Public Sector Accounting Standards (Accrual Basis) and for maintaining effective internal controls as Management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error and for its assessment of the effectiveness of internal controls, risk management and governance.

In preparing the financial statements, Management is responsible for assessing the Institute's ability to continue to sustain its services, disclosing, as applicable, matters related to sustainability of services and using the applicable basis of accounting unless Management is aware of the intention to terminate the Hospital or to cease operations.

Management is also responsible for the submission of the financial statements to the Auditor-General in accordance with the provisions of Section 47 of the Public Audit Act, 2015.

In addition to the responsibility for the preparation and presentation of the financial statements described above, Management is also responsible for ensuring that the activities, financial transactions and information reflected in the financial statements comply with the authorities which govern them and that public resources are applied in an effective way.

The Board of Governors is responsible for overseeing the Institute's financial reporting process, reviewing the effectiveness of how Management monitors compliance with relevant legislative and regulatory requirements, ensuring that effective processes and systems are in place to address key roles and responsibilities in relation to governance and risk management and ensuring the adequacy and effectiveness of the control environment.

Auditor-General's Responsibilities for the Audit

My responsibility is to conduct an audit of the financial statements in accordance with Article 229(4) of the Constitution, Section 35 of the Public Audit Act, 2015 and the International Standards of Supreme Audit Institutions (ISSAIs). The standards require that, in conducting the audit, I obtain reasonable assurance about whether the financial statements as a whole are free from material misstatements, whether due to fraud or error and to issue an auditor's report that includes my opinion in accordance with Section 48 of the Public Audit Act, 2015. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISSAIs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

In conducting the audit, Article 229(6) of the Constitution also requires that I express a conclusion on whether or not in all material respects, the activities, financial transactions and information reflected in the financial statements are in compliance with the authorities

that govern them and that public resources are applied in an effective way. In addition, I consider the entity's control environment in order to give an assurance on the effectiveness of internal controls, risk management and governance processes and systems in accordance with the provisions of Section 7(1)(a) of the Public Audit Act, 2015.

Further, I am required to submit the audit report in accordance with Article 229(7) of the Constitution.

Detailed description of my responsibilities for the audit is located at the Office of the Auditor-General's website at: <https://www.oagkenya.go.ke/auditor-generals-responsibilities-for-audit/>. This description forms part of my auditor's report.


FCPA Nancy Gathungu, CBS
AUDITOR-GENERAL

Nairobi

05 December, 2025

MACHAKOS TECHNICAL INSTITUTE FOR THE BLIND (MTIB)
Annual Report and Financial Statements for the year ended 30th June 2025

14. Statement of Financial Performance For The Year Ended 30 June 2025

	Notes	Current FY 2024-2025	Comparative 2023-2024
		Kshs	Kshs
Revenue from Non-Exchange transactions			
Transfers from other National Government entities	6	68,676,933	85,422,561
Grants from donors and development partners	7	297,860	508,440
Public contributions and donations	8		5,000
		68,974,793	85,936,001
Revenue from Exchange transactions			
Rendering of services- fees from students	9	48,051,208	45,343,384
Sale of goods	10	184,000	87,200
Rental revenue from facilities and equipment	11	46,765,854	15,091,876
Finance income	12	86,253	407,909
Miscellaneous income	13	496,200	322,143
Revenue from Exchange transactions		95,583,515	61,252,512
Total Revenue		164,558,308	147,188,513
Expenses			
Use of goods and services	14	149,914,173	113,450,390
Employee costs	15	15,539,974	11,047,992
Board Expenses	16	2,668,000	2,405,000
Depreciation and amortization expense	17	12,680,246	9,002,480
Repairs and maintenance	18	2,754,890	7,278,347
Contracted services	19	248,000	1,825,709
Finance costs	20	-	1,016,400
Total Expenses		183,805,464	146,026,318
Other Gains/(Losses)			
Total Other Gains/(Losses)		-	-
Net surplus for the year		- 19,247,156	1,162,195

The notes set out on pages 7 to 45 form an integral part of these Financial Statements.
 The Financial Statements set out on pages 1 to 6 were signed by:

Chairman of Board
 Mr Alex N Kaluyu

Chief Principal
 Dr P. Nduku Mutua

Chief Finance Officer
 CPA. Francis Muli

Date: 27/6/25

CHAIRMAN
 BOARD OF GOVERNORS
 MACHAKOS TECHNICAL INSTITUTE
 FOR THE BLIND
 P. O. Box 112 - 90100, MACHAKOS

Date: 27/6/25

CHIEF PRINCIPAL
 MACHAKOS TECHNICAL INSTITUTE
 FOR THE BLIND
 P.O. Box 112 - 90100, MACHAKOS
 Date: 27/6/25

ICPAK No 13946

Date: 27/6/25

CHIEF FINANCE OFFICER
 MACHAKOS TECHNICAL INSTITUTE
 FOR THE BLIND
 P.O. Box 112-90100, MACHAKOS
 Date: 27/6/25

MACHAKOS TECHNICAL INSTITUTE FOR THE BLIND (MTIB)
Annual Report and Financial Statements for the year ended 30th June 2025

15. Statement of Financial Position As At 30th June 2025

Description	Notes	Current FY	Comparative
		2024-2025	FY2023-2024
		Kshs	Kshs
Assets			
Current Assets			
Cash and cash equivalents	21	10,661,839	18,270,018
Current portion of receivables from exchange	22	31,274,876	13,354,424
Receivables from non-exchange transactions		-	
Inventories	23	2,428,822	2,933,557
Total Current Assets		44,365,537	34,557,999
Non-Current Assets			
Property, plant, and equipment	24	361,327,506	370,000,546
Intangible assets	25	4,723,710	7,188,690
Total Non-Current Assets		366,051,216	377,189,236
Total Assets		410,417,753	411,747,235
Liabilities			
Current Liabilities			
Trade and other payables from exchange	26	19,773,761	2,201,700
Refundable deposits from customers	27	1,383,148	998,120
Deferred income	28	4,173,912	4,173,912
Payments received in advance	29	3,165,743	3,206,159
Total Current Liabilities		28,496,564	10,579,890
Non-Current Liabilities			
Total non-current liabilities		-	-
Total Liabilities		28,496,564	10,579,890
Net Assets		381,920,189	401,167,344
Accumulated Surplus		(65,761,513)	(46,514,357)
Capital Fund		447,681,702	447,681,702
Total Net Assets and Liabilities		381,920,189	401,167,345

The Financial Statements set out on pages 1 to 6 were signed on behalf of the Institute Board of Governors by:



Chairman of Board
 Mr Alex N Kaluyu

CHAIRMAN
 BOARD OF GOVERNORS
 MACHAKOS TECHNICAL INSTITUTE
 FOR THE BLIND
 P. O. Box 112 - 90100, MACHAKOS



Chief Principal
 Dr P. Nduku Mutu

CHIEF PRINCIPAL
 MACHAKOS TECHNICAL INSTITUTE
 FOR THE BLIND
 P.O. Box 112 - 90100, MACHAKOS
 Date: 27/11/25



Chief Finance Officer
 CPA. Francis Muli
 ICPAK No 13946

CHIEF FINANCE OFFICER
 MACHAKOS TECHNICAL INSTITUTE
 FOR THE BLIND
 P.O. Box 112-90100, MACHAKOS
 Date: 27/11/25

16. Statement of Changes in Net Asset For The Year Ended 30 June 2025

Description	Revaluation reserve	Accumulated Fund	Capital Grants/Fund	Total
Balance b/f at July 1, 2023		(47,676,552)	436,831,106	389,154,554
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	1,162,195	0	1,162,195
Capital grants received during the year	-	0	10,850,596	10,850,596
Transfer of depreciation/amortisation from capital fund to Retained earnings	-	0	0	0
At June 30, 2024	-	(46,514,357)	447,681,702	401,167,345
At July 1, 2024	-	(46,514,357)	447,681,702	401,167,345
Revaluation gain	-	-	-	-
Surplus/(deficit) for the year	-	(19,247,156)	0	(19,247,156)
Capital grants received during the year	-	-	-	-
Transfer of depreciation/amortisation from capital fund to Retained earnings	-	-	(-)	-
At June 30, 2025	-	(65,761,513)	447,681,702	381,920,189

MACHAKOS TECHNICAL INSTITUTE FOR THE BLIND (MTIB)
Annual Report and Financial Statements for the year ended 30th June 2025

17. Statement of Cash Flows For The Year Ended 30 June 2025

Description		Current FY 2024-2025	Comparative 2022-2023
	Note	Kshs	Kshs
Cash flows from operating activities			
Receipts			
Transfers from National Government entities	6	68,676,933	85,422,561
Grants from donors and development partners	7	297,860	508,440
Public contributions and donations	8	-	5,000
Rendering of services- Fees from students		48,938,434	45,343,384
Sale of goods	10	184,000	87,200
Rental revenues from facilities & equipment		34,300,354	15,091,876
Finance income	12	86,253	407,909
Miscellaneous income	13	496,200	322,143
Total Receipts		152,980,033	147,188,513
Payments			
Use of goods and services		139,522,673	113,450,390
Employee Costs		13,852,243	11,047,992
Board Expenses	16	2,668,000	2,405,000
Repairs and maintenance	18	2,754,890	7,278,347
Contracted Services	19	248,000	1,825,709
Finance Costs	20	-	1,016,400
Total Payments		159,045,806	137,023,838
Net cash flows from operating activities	30	(6,065,773)	9,007,115
Cash flows from investing activities			
Purchase of property, plant, equipment and intangible assets	24	(1,542,406)	(16,103,196)
Net cash flows used in investing activities		(1,542,406)	(16,103,196)
Cash flows from financing activities			
Proceeds from development grant		-	13,330,000
Proceeds from borrowings		-	-
Repayment of borrowings		-	-
Net cash flows used in financing activities		-	13,330,000
Net increase/(decrease) in cash and cash equivalents		(7,608,179)	6,233,918
Cash and cash equivalents at beginning of the period	21	18,270,018	12,036,099
Cash and cash equivalents at end of the period	21	10,661,839	18,270,018

MACHAKOS TECHNICAL INSTITUTE FOR THE BLIND (MTIB)
Annual Report and Financial Statements for the year ended 30th June 2025

18. Statement of Comparison of Budget & Actual amounts For Year Ended 30 June 2025

Description	Original budget	Adjustments	Final budget	Actual on comparable basis	Performance difference	Utilization on Difference
Revenue	Kshs	Kshs	Kshs	Kshs	Kshs	%
Transfers from other National Government entities	94,000,000		94,000,000	68,676,933	(25,323,067)	-27%
Grants from donors and development partners	1,000,000		1,000,000	297,860	(702,140)	-70%
Transfers from other levels of government	-		-	-	-	
Public contributions and donations	140,000		140,000	0	(140,000)	-100%
Rendering of services- fees from students	50,142,300		50,142,300	48,051,208	(2,091,092)	-4%
Sale of goods	1,250,000		1,250,000	184,000	(1,066,000)	-85%
Rental revenue from facilities and equipment	14,955,600		14,955,600	46,765,854	31,810,254	213%
Finance income	-		0	86,253	86,253	NA
Miscellaneous Income	566,000		566,000	496,200	(69,800)	-12%
Total Income	162,053,900		162,053,900	164,558,308	2,504,408	
Expenses						
Use of goods and services	107,830,630		107,830,630	149,914,173	(42,083,543)	39%
Employee costs	16,686,853		16,686,853	15,539,974	1,146,878	-7%
Board Expenses	4,620,000		4,620,000	2,668,000	1,952,000	-42%
Repairs and maintenance	2,818,667		2,818,667	2,754,890	63,777	-2%
Contracted services	2,400,000		2,400,000	248,000	2,152,000	-90%
Finance costs	-	-	-	-	-)	N/A

MACHAKOS TECHNICAL INSTITUTE FOR THE BLIND (MTIB)
Annual Report and Financial Statements for the year ended 30th June 2025

Grants and subsidies	-	-	-	-	-	-
Total Expenditure	134,356,150		134,356,150	172,667,443	(36,768,888)	27%
Capital Expenditure	27,697,750		27,697,750	1,542,406	(26,155,344)	-94%

**MACHAKOS TECHNICAL INSTITUTE FOR THE BLIND (MTIB)
Annual Report and Financial Statements for the year ended 30th June 2025**

Capital Expenditure	27,697,750	27,697,750	1,542,406	(26,155,344)	-94%
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Transfers from national government entities dropped by 27% due to unfinanced development grant of Kes20,000,000 and declined capitation grants.

Expected donations for library from Rotary Club were deferred to Financial year 2025/26 hence 70% drop.

During the period public contributions wasn't realised. Awareness campaign to increase public donations are ongoing.

There was decline in revenue of student fees by 4%. Compliance to ministry directive to register trainees for exams despite fee clearance was a factor in this.

Sale of goods declined by 85%. The management is working to revive IGAs including Cabros, Textiles ,Footwear and other leather products.

Hire of facilities surpassed the target by 213%. This is due to increased conference facility awareness & good customer service. The management plans to increase "space capacity" to tap in to lost business opportunity witnessed due to cancellations from lack of space.

Interest income emanates from savings account.

The institute recorded shortfall of 12% on other Income , which majorly is from braille transcription services. The management is embarking on marketing campaign for this service.

Use of goods went up by 39%. High cost of exam materials and Increased conference revenue of 199% marked up an associated cost driving up the use of goods cost, this despite increased market price of commodities unmatched by review of price charged.

Wage bill dropped by 7%. Roles budgeted for were not filled, there were fewer events that would have required casual labor, Some BOG trainers crossed to pubic service appointments during the year.

BOG expenses went down by 42% due to prolonged period of board expiry and re-appointment.

There was a decline in repairs and maintenance cost of 2%.

Contracted services slopped by 90%. There was no contracted services within the quarter.

Finance cost is due to increased online transactions & inter bank transfers. Management is running hybrid system of both cheques and online payment to lower the cost.

Only realised 94 %, relating to purchase of Principal car and wifi installation. Development grant and budget cuts due to austerity measures was the main cause.

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Budget Reconciliation

	Description of Particulars	Amount in Kshs
	Actual Surplus Amounts as per the statement of Budget	A
1	Reason for differences	-
2	Reason for differences	-
3	Reason for differences	-
4	Reason for differences	-
	Closing Cash and Cash Equivalent as per the statement of Cash flows	10,662,559

19. Notes to the Financial Statements

1. General Information

The institution was incorporated/ established under the TVET Act 2013 in 1958. The entity is domiciled in Kenya and is located at Machakos County, Machakos Town Constituency on the way to Wote and has no branches. The institute is under the Ministry of Education, State department of Technical and Vocational Training.

2. Statement of Compliance and Basis of Preparation

The financial statements have been prepared on a historical cost basis except for the measurement at re-valued amounts of certain items of property, plant and equipment, marketable securities and financial instruments at fair value, impaired assets at their estimated recoverable amounts and actuarially determined liabilities at their present value. The preparation of financial statements in conformity with International Public Sector Accounting Standards (IPSAS) allows the use of estimates and assumptions. It also requires management to exercise judgement in the process of applying MTIB accounting policies. The areas involving a higher degree of judgement or complexity, or where assumptions and estimates are significant to the financial statements, are disclosed in Note 4.

The financial statements have been prepared and presented in Kenya Shillings, which is the functional and reporting currency of MTIB.

The financial statements have been prepared in accordance with the PFM Act, the State Corporations Act, the TVET Act, and International Public Sector Accounting Standards (IPSAS). The accounting policies adopted have been consistently applied to all the years presented.

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3. Adoption of New and Revised Standards

- i. New and amended standards and interpretations in issue effective in the year ended 30 June 2025.*

There are no new standards in the year ended 30th June 2024

- ii. New and amended standards and interpretations in issue but not yet effective in the year ended 30 June 2025.*

Standard	Effective date and impact:
IPSAS 43: Leases	<i>Applicable 1st January 2025</i> The standard sets out the principles for the recognition, measurement, presentation, and disclosure of leases. The objective is to ensure that lessees and lessors provide relevant information in a manner that faithfully represents those transactions. This information gives a basis for users of financial statements to assess the effect that leases have on the financial position, financial performance and cashflows of an Entity. The new standard requires entities to recognise, measure and present information on right of use assets and lease liabilities.
IPSAS 44: Non- Current Assets Held for Sale and Discontinued Operations	<i>Applicable 1st January 2025</i> The Standard requires, Assets that meet the criteria to be classified as held for sale to be measured at the lower of carrying amount and fair value less costs to sell and the depreciation of such assets to cease and: Assets that meet the criteria to be classified as held for sale to be presented separately in the statement of financial position and the results of discontinued operations to be presented separately in the statement of financial performance.
IPSAS 45: Property Plant and Equipment	<i>Applicable 1st January 2025</i> The standard supersedes IPSAS 17 on Property, Plant and Equipment. IPSAS 45 has additional guidance/ new guidance for heritage assets, infrastructure assets and measurement. Heritage assets were previously excluded from the scope of IPSAS 17 in IPSAS 45, heritage assets that satisfy the definition of PPE shall be recognised as assets if they meet the criteria in the standard. IPSAS 45 has an additional application guidance for infrastructure assets, implementation guidance and illustrative examples. The standard has clarified existing principles e.g. valuation of land over or under the infrastructure assets, under- maintenance of assets and distinguishing significant parts of infrastructure assets.
IPSAS 46: Measurement	<i>Applicable 1st January 2025</i> The objective of this standard was to improve measurement guidance across IPSAS by:

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	<ul style="list-style-type: none"> i. Providing further detailed guidance on the implementation of commonly used measurement bases and the circumstances under which they should be used. ii. Clarifying transaction costs guidance to enhance consistency across IPSAS. iii. Amending where appropriate guidance across IPSAS related to measurement at recognition, subsequent measurement and measurement related disclosures. <p>The standard also introduces a public sector specific measurement bases called the current operational value.</p>
IPSAS 47: Revenue	<p><i>Applicable 1st January 2026</i></p> <p>This standard supersedes IPSAS 9- Revenue from exchange transactions, IPSAS 11 Construction contracts and IPSAS 23 Revenue from non- exchange transactions. This standard brings all the guidance of accounting for revenue under one standard. The objective of the standard is to establish the principles that an entity shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of revenue and cash flow arising from revenue transactions.</p>
IPSAS 48: Transfer Expenses	<p><i>Applicable 1st January 2026</i></p> <p>The objective of the standard is to establish the principles that a transfer provider shall apply to report useful information to users of financial statements about the nature, amount, timing and uncertainty of expenses and cash flow arising from transfer expense transactions. This is a new standard for public sector entities geared to provide guidance to entities that provide transfers on accounting for such transfers.</p>
IPSAS 49: Retirement Benefit Plans	<p><i>Applicable 1st January 2026</i></p> <p>The objective is to prescribe the accounting and reporting requirements for the public sector retirement benefit plans which provide retirement to public sector employees and other eligible participants. The standard sets the financial statements that should be presented by a retirement benefit plan.</p>
IPSAS 50: Exploration For & Evaluation of Mineral Resources	<p><i>Applicable 1st January 2027</i></p> <p>The objective of this Standard is to specify the financial reporting for the exploration for and evaluation of mineral resources. The Standard requires:</p> <ul style="list-style-type: none"> i. Limited improvements to existing accounting practices for exploration and evaluation expenditures. ii. Entities that recognize exploration and evaluation assets to assess such assets for impairment in accordance with this Standard and measure any impairment in accordance with IPSAS 26. iii. Disclosures that identify and explain the amounts in the entity's financial statements arising from the exploration for and evaluation of mineral resources and help users of those financial statements

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	understand the amount, timing and certainty of future cash flows from any exploration and evaluation assets recognized.
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iii. Early adoption of standards

MTIB did not early adopt any new or amended standards in year 2024.

4. Summary of Significant Accounting Policies

a) Revenue recognition

i) Revenue from non-exchange transactions

Transfers from other government entities

Revenues from non-exchange transactions with other government entities are measured at fair value and recognized on obtaining control of the asset (cash, goods, services and property) if the transfer is free from conditions and it is probable that the economic benefits or service potential related to the asset will flow to the entity and can be measured reliably. To the extent that there is a related condition attached that would give rise to a liability to repay the amount, the amount is recorded in the statement of financial position and realised in the statement of financial performance over the useful life of the assets that has been acquired using such funds.

ii) Revenue from exchange transactions

Rendering of services

The entity recognizes revenue from rendering of services by reference to the stage of completion when the outcome of the transaction can be estimated reliably. The stage of completion is measured by reference to labour hours incurred to date as a percentage of total estimated labour hours. Where the contract outcome cannot be measured reliably, revenue is recognized only to the extent that the expenses incurred are recoverable.

Sale of goods

Revenue from the sale of goods is recognized when the significant risks and rewards of ownership have been transferred to the buyer, usually on delivery of the goods and when the amount of revenue can be measured reliably, and it is probable that the economic benefits or service potential associated with the transaction will flow to the entity.

Interest income

Interest income is accrued using the effective yield method. The effective yield discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount. The method applies this yield to the principal outstanding to determine interest income each period.

Rental income

Rental income arising from operating leases on investment properties is accounted for on a straight-line basis over the lease terms and included in revenue.

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Notes to the Financial Statements (Continued)
Summary of Significant Accounting Policies (Continued)

b) Budget information

The original budget for FY 2024/2025 was approved by the Board on 22.04.2024. Subsequent revisions or additional appropriations were made to the approved budget in accordance with specific approvals from the appropriate authorities. The additional appropriations are added to the original budget by the MTIB upon receiving the respective approvals in order to conclude the final budget. Accordingly, the MTIB recorded no additional appropriations as at the end of quarter two on the FY 2024/2025. The MTIB's budget is prepared on a different basis to the actual income and expenditure disclosed in the financial statements. The financial statements are prepared on accrual basis using a classification based on the nature of expenses in the statement of financial performance, whereas the budget is prepared on a cash basis. The amounts in the financial statements were recast from the accrual basis to the cash basis and reclassified by presentation to be on the same basis as the approved budget. A comparison of budget and actual amounts, prepared on a comparable basis to the approved budget, is then presented in the statement of comparison of budget and actual amounts. In addition to the Basis difference, adjustments to amounts in the financial statements are also made for differences in the formats and classification schemes adopted for the presentation of the financial statements and the approved budget.

A statement to reconcile the actual amounts on a comparable basis included in the statement of comparison of budget and actual amounts and the actuals as per the statement of Cashflows has been presented.

c) Taxes

Current income tax

The MTIB is not exempted from paying taxes.

Sales tax/ Value Added Tax

Expenses and assets are recognized net of the amount of sales tax, except:

- When the sales tax incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case, the sales tax is recognized as part of the cost of acquisition of the asset or as part of the expense item, as applicable.
- When receivables and payables are stated with the amount of sales tax included.

The net amount of sales tax recoverable from, or payable to, the taxation authority is included as part of receivables or payables in the statement of financial position.

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Annual Report and Financial Statements for the year ended 30th June 2025
Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

d) Investment property

Investment properties are measured initially at cost, including transaction costs. The carrying amount includes the replacement cost of components of an existing investment property at the time that cost is incurred if the recognition criteria are met and excludes the costs of day-to-day maintenance of an investment property. Investment property acquired through a non-exchange transaction is measured at its fair value at the date of acquisition. Subsequent to initial recognition, investment properties are measured using the cost model and are depreciated over a period of years. Investment properties are derecognized either when they have been disposed of or when the investment property is permanently withdrawn from use and no future economic benefit or service potential is expected from its disposal. The difference between the net disposal proceeds and the carrying amount of the asset is recognized in the surplus or deficit in the period of de-recognition. Transfers are made to or from investment property only when there is a change in use.

e) Property, plant and equipment

All property, plant and equipment are stated at cost less accumulated depreciation and impairment losses. Cost includes expenditure that is directly attributable to the acquisition of the items. When significant parts of property, plant and equipment are required to be replaced at intervals, the MTIB recognizes such parts as individual assets with specific useful lives and depreciates them accordingly. Likewise, when a major inspection is performed, its cost is recognized in the carrying amount of the plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognized in surplus or deficit as incurred. Where an asset is acquired in a non-exchange transaction for nil or nominal consideration the asset is initially measured at its fair value.

f) Leases

Finance leases are leases that transfer substantially the entire risks and benefits incidental to ownership of the leased item to the MTIB. Assets held under a finance lease are capitalized at the commencement of the lease at the fair value of the leased property or, if lower, at the present value of the future minimum lease payments. The MTIB also recognizes the associated lease liability at the inception of the lease. The liability recognized is measured as the present value of the future minimum lease payments at initial recognition.

Subsequent to initial recognition, lease payments are apportioned between finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are recognized as finance costs in surplus or deficit.

An asset held under a finance lease is depreciated over the useful life of the asset. However, if there is no reasonable certainty that the MTIB will obtain ownership of the asset by the end of the lease term, the asset is depreciated over the shorter of the estimated useful life of the asset and the lease term.

Operating leases are leases that do not transfer substantially all the risks and benefits incidental to ownership of the leased item to the MTIB. Operating lease payments are recognized as an operating expense in surplus or deficit on a straight-line basis over the lease term.

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Summary of Significant Accounting Policies (Continued)

g) Intangible assets

Intangible assets acquired separately are initially recognized at cost. The cost of intangible assets acquired in a non-exchange transaction is their fair value at the date of the exchange. Following initial recognition, intangible assets are carried at cost less any accumulated amortization and accumulated impairment losses. Internally generated intangible assets, excluding capitalized development costs, are not capitalized and expenditure is reflected in surplus or deficit in the period in which the expenditure is incurred. The useful life of the intangible assets is assessed as either finite or indefinite. Intangible assets with an indefinite useful life are assessed for impairment at each reporting date.

h) Biological Assets

The entity recognizes biological assets when it controls the assets due to past events, it is probable that future economic benefits associated with the asset will flow to the entity, and when the fair value or cost of the asset can be measured reliably. Biological assets are initially and subsequently measured at fair value less costs to sell, except where fair value cannot be reliably determined. In such cases, the asset is measured at its cost less accumulated depreciation and any accumulated impairment losses. Changes in fair value less costs to sell are recognized in surplus/deficit in the period in which they occur.

i) Research and development costs

The MTIB expenses research costs as incurred. Development costs on an individual project are recognized as intangible assets when the MTIB can demonstrate:

- The technical feasibility of completing the asset so that the asset will be available for use or sale.
- Its intention to complete and its ability to use or sell the asset.
- How the asset will generate future economic benefits or service potential.
- The availability of resources to complete the asset.
- The ability to measure reliably the expenditure during development.

Following initial recognition of an asset, the asset is carried at cost less any accumulated amortization and accumulated impairment losses. Amortization of the asset begins when development is complete and the asset is available for use. It is amortized over the period of expected future benefit. During the period of development, the asset is tested for impairment annually with any impairment losses recognized immediately in surplus or deficit.

j) Financial instruments

IPSAS 41 addresses the classification, measurement and de-recognition of financial assets and financial liabilities, introduces new rules for hedge accounting and a new impairment model for financial assets. The entity does not have any hedge relationships and therefore the new hedge accounting rules have no impact on the Company's financial statements. A financial instrument is

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Annual Report and Financial Statements for the year ended 30th June 2025

any contract that gives rise to a financial asset of one entity and a financial liability or equity instrument of another entity. At initial recognition, the entity measures a financial asset or financial liability at its fair value plus or minus, in the case of a financial asset or financial liability not at fair value through surplus or deficit, transaction costs that are directly attributable to the acquisition or issue of the financial asset or financial liability.

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Notes to the Financial Statements (Continued)
Summary of Significant Accounting Policies (Continued)

Financial assets

Classification

The entity classifies its financial assets as subsequently measured at amortised cost, fair value through net assets/ equity or fair value through surplus and deficit on the basis of both the entity's management model for financial assets and the contractual cash flow characteristics of the financial asset. A financial asset is measured at amortized cost when the financial asset is held within a management model whose objective is to hold financial assets in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal outstanding. A financial asset is measured at fair value through net assets/ equity if it is held within the management model whose objective is achieved by both collecting contractual cashflows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. A financial asset shall be measured at fair value through surplus or deficit unless it is measured at amortized cost or fair value through net assets/ equity unless an entity has made irrevocable election at initial recognition for particular investments in equity instruments.

Subsequent measurement

Based on the business model and the cash flow characteristics, the entity classifies its financial assets into amortized cost or fair value categories for financial instruments. Movements in fair value are presented in either surplus or deficit or through net assets/ equity subject to certain criteria being met.

Amortized cost

Financial assets that are held for collection of contractual cash flows where those cash flows represent solely payments of principal and interest, and that are not designated at fair value through surplus or deficit, are measured at amortized cost. A gain or loss on an instrument that is subsequently measured at amortized cost and is not part of a hedging relationship is recognized in profit or loss when the asset is de-recognized or impaired. Interest income from these financial assets is included in finance income using the effective interest rate method.

Fair value through net assets/ equity

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at fair value through net assets/ equity. Movements in the carrying amount are taken through net assets, except for the recognition of impairment gains or losses, interest revenue and foreign exchange gains and losses which are recognized in surplus/deficit. Interest income from these financial assets is included in finance income using the effective interest rate method.

MACHAKOS TECHNICAL INSTITUTE FOR THE BLIND (MTIB)
Annual Report and Financial Statements for the year ended 30th June 2025
Notes to the Financial Statements (Continued)
Summary of Significant Accounting Policies (Continued)

Fair value through surplus or deficit

Financial assets that do not meet the criteria for amortized cost or fair value through net assets/equity are measured at fair value through surplus or deficit. A business model where the entity manages financial assets with the objective of realizing cash flows through solely the sale of the assets would result in a fair value through surplus or deficit model.

Trade and other receivables

Trade and other receivables are recognized at fair values less allowances for any uncollectible amounts. Trade and other receivables are assessed for impairment on a continuing basis. An estimate is made of doubtful receivables based on a review of all outstanding amounts at the year end.

Impairment

The entity assesses, on a forward-looking basis, the expected credit loss ('ECL') associated with its financial assets carried at amortized cost and fair value through net assets/equity. The entity recognizes a loss allowance for such losses at each reporting date. Critical estimates and significant judgments made by management in determining the expected credit loss (ECL) are set out in Note.

Financial liabilities

Classification

The entity classifies its liabilities as subsequently measured at amortized cost except for financial liabilities measured through profit or loss.

k) Inventories

Inventory is measured at cost upon initial recognition. To the extent that inventory was received through non-exchange transactions (for no cost or for a nominal cost), the cost of the inventory is its fair value at the date of acquisition.

Costs incurred in bringing each product to its present location and conditions are accounted for, as follows:

- Raw materials: purchase cost using the weighted average cost method.
- Finished goods and work in progress: cost of direct materials and labour and a proportion of manufacturing overheads based on the normal operating capacity, but excluding borrowing costs.

After initial recognition, inventory is measured at the lower of cost and net realizable value. However, to the extent that a class of inventory is distributed or deployed at no charge or for a nominal charge, that class of inventory is measured at the lower of cost and current replacement cost.

MACHAKOS TECHNICAL INSTITUTE FOR THE BLIND (MTIB)
Annual Report and Financial Statements for the year ended 30th June 2025
Notes to the Financial Statements (Continued)
Summary of Significant Accounting Policies (Continued)

Inventories (Continued)

Net realizable value is the estimated selling price in the ordinary course of operations, less the estimated costs of completion and the estimated costs necessary to make the sale, exchange, or distribution. Inventories are recognized as an expense when deployed for utilization or consumption in the ordinary course of operations of MTIB.

l) Provisions

Provisions are recognized when MTIB has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation. Where MTIB expects some or all of a provision to be reimbursed, for example, under an insurance contract, the reimbursement is recognized as a separate asset only when the reimbursement is virtually certain. The expense relating to any provision is presented in the statement of financial performance net of any reimbursement.

Contingent liabilities

MTIB does not recognize a contingent liability but discloses details of any contingencies in the notes to the financial statements, unless the possibility of an outflow of resources embodying economic benefits or service potential is remote.

Contingent assets

MTIB does not recognize a contingent asset but discloses details of a possible asset whose existence is contingent on the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of MTIB in the notes to the financial statements. Contingent assets are assessed continually to ensure that developments are appropriately reflected in the financial statements. If it has become virtually certain that an inflow of economic benefits or service potential will arise and the asset's value can be measured reliably, the asset and the related revenue are recognized in the financial statements of the period in which the change occurs.

m) Social Benefits

Social benefits are cash transfers provided to i) specific individuals and / or households that meet the eligibility criteria, ii) mitigate the effects of social risks and iii) Address the need of society as a whole. The entity recognises a social benefit as an expense for the social benefit scheme at the same time that it recognises a liability. The liability for the social benefit scheme is measured at the best estimate of the cost (the social benefit payments) that the entity will incur in fulfilling the present obligations represented by the liability.

MACHAKOS TECHNICAL INSTITUTE FOR THE BLIND (MTIB)
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Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

n) Nature and purpose of reserves

MTIB creates and maintains reserves in terms of specific requirements.

o) Changes in accounting policies and estimates

MTIB recognizes the effects of changes in accounting policy retrospectively. The effects of changes in accounting policy are applied prospectively if retrospective application is impractical.

p) Employee benefits

Retirement benefit plans

MTIB provides retirement benefits for its employees and directors. Defined contribution plans are post-employment benefit plans under which an entity pays fixed contributions into a separate entity (a fund) and will have no legal or constructive obligation to pay further contributions if the fund does not hold sufficient assets to pay all employee benefits relating to employee service in the current and prior periods. The contributions to fund obligations for the payment of retirement benefits are charged against income in the year in which they become payable. Defined benefit plans are post-employment benefit plans other than defined-contribution plans. The defined benefit funds are actuarially valued tri-annually on the projected unit credit method basis. Deficits identified are recovered through lump sum payments or increased future contributions on proportional basis to all participating employers. The contributions and lump sum payments reduce the post-employment benefit obligation.

q) Foreign currency transactions

Transactions in foreign currencies are initially accounted for at the ruling rate of exchange on the date of the transaction. Trade creditors or debtors denominated in foreign currency are reported at the statement of financial position reporting date by applying the exchange rate on that date. Exchange differences arising from the settlement of creditors, or from the reporting of creditors at rates different from those at which they were initially recorded during the period, are recognized as income or expenses in the period in which they arise.

r) Borrowing costs

Borrowing costs are capitalized against qualifying assets as part of property, plant and equipment. Such borrowing costs are capitalized over the period during which the asset is being acquired or constructed and borrowings have been incurred. Capitalization ceases when construction of the asset is complete. Further borrowing costs are charged to the statement of financial performance.

s) Related parties

MTIB regards a related party as a person or an entity with the ability to exert control individually or jointly, or to exercise significant influence over the Entity, or vice versa. Members of key management are regarded as related parties and comprise the directors, the Principal and senior managers.

Notes to the Financial Statements (Continued)

Summary of Significant Accounting Policies (Continued)

MACHAKOS TECHNICAL INSTITUTE FOR THE BLIND (MTIB)
Annual Report and Financial Statements for the year ended 30th June 2025

t) Service concession arrangements

MTIB analyses all aspects of service concession arrangements that it enters into in determining the appropriate accounting treatment and disclosure requirements. In particular, where a private party contributes an asset to the arrangement, MTIB recognizes that asset when, and only when, it controls or regulates the services. The operator must provide together with the asset, to whom it must provide them, and at what price. In the case of assets other than 'whole-of-life' assets, it controls, through ownership, beneficial entitlement or otherwise – any significant residual interest in the asset at the end of the arrangement. Any assets so recognized are measured at their fair value. To the extent that an asset has been recognized, MTIB also recognizes a corresponding liability, adjusted by a cash consideration paid or received.

u) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and cash at bank, short-term deposits on call and highly liquid investments with an original maturity of three months or less, which are readily convertible to known amounts of cash and are subject to insignificant risk of changes in value. Bank account balances include amounts held at the Central Bank of Kenya and at various commercial banks at the end of the financial year. For the purposes of these financial statements, cash and cash equivalents also include short term cash imprests and advances to authorised public officers and/or institutions which were not surrendered or accounted for at the end of the financial year.

v) Comparative figures

Where necessary comparative figures for the previous financial year have been amended or reconfigured to conform to the required changes in presentation.

w) Subsequent events

There have been no events subsequent to the financial year end with a significant impact on the financial statements for the year ended June 30, 2025.

5. Significant Judgments and Sources of Estimation Uncertainty

The preparation of MTIB financial statements in conformity with IPSAS requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability affected in future periods.

Estimates and assumptions.

The key assumptions concerning the future and other key sources of estimation uncertainty at the reporting date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year, are described below. The Entity based its assumptions and estimates on parameters available when the consolidated financial statements were prepared. However, existing circumstances and assumptions about future developments may change due to market changes or circumstances arising beyond the control of the Entity. Such changes are reflected in the assumptions when they occur. IPSAS 1.140

Useful lives and residual values

The useful lives and residual values of assets are assessed using the following indicators to inform potential future use and value from disposal:

- The condition of the asset based on the assessment of experts employed by MTIB.
- The nature of the asset, its susceptibility and adaptability to changes in technology and processes.
- The nature of the processes in which the asset is deployed.
- Availability of funding to replace the asset.
- Changes in the market in relation to the asset

Provisions

Provisions were raised and management determined an estimate based on the information available. Additional disclosure of these estimates of provisions is included in Note 38.

Provisions are measured at the management's best estimate of the expenditure required to settle the obligation at the reporting date and are discounted to present value where the effect is material.

MACHAKOS TECHNICAL INSTITUTE FOR THE BLIND (MTIB)
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Notes to the Financial Statements (Continued)

6. Transfers from other National Government entities

Description	Current FY2024-2025 Kshs	Comparative FY2023-2024 Kshs
Unconditional Grants		
Capitation grants	7,191,350	11,895,500
Operational/Recurrent grant	56,090,061	68,024,282
Tvet Scholarship	-	5,502,779
Total unconditional Grants	63,281,411	85,422,561
Conditional Grants amortised/ recognised in revenue		
Training of disengaged youth	746,097	
Audit & Monitoring Grants	4,649,425	
Development grant	-	13,330,000
Total Government Grants and Subsidies	68,676,933	98,752,561

(a) Transfers from other Government entities (Categorized)

Name of the Entity Sending The Grant	Amount recognized to Statement of Financial performance	Amount deferred under deferred income	Amount recognised in capital fund.	Total grant income during the year	Comparative FY2023-2024
	Kshs	Kshs	Kshs	Kshs	Kshs
Ministry Education/State Department of Vocational & Technical Training	68,676,933			68,676,933	85,422,561
Total		-	-	68,676,933	85,422,561

MACHAKOS TECHNICAL INSTITUTE FOR THE BLIND (MTIB)
Annual Report and Financial Statements for the year ended 30th June 2025
Notes to the Financial Statements (Continued)

7. Grants from Donors and Development Partners

Description	Current FY 2024-2025	Comparative FY 2023-2024
	Kshs	Kshs
In-Kind Donations	297,860	508,440
Other Grants (specify)		-
Total Grants from Development Partners	297,860	508,440

(a) Reconciliations of grants from donors and development partners

Description	Current FY 2024-2025	Comparative FY 2023-2024
	Kshs	Kshs
Balance unspent at beginning of year	-	-
Current year receipts	297,860	508,440
Conditions Met - Transferred to Revenue	297,860	508,440
Conditions Yet To Be Met - Remain Liabilities	-	-

8. Public Contributions and Donations

Description	Current FY 2024-2025	Comparative FY 2023-2024
	Kshs	Kshs
Public Donations		5000
Other Donations	-	-
Total Donations and Contributions		5000

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Notes to the Financial Statements (Continued)

9. Rendering of Services

Description	Current FY2024-2025	Comparative FY2023-2024
	Kshs	Kshs
Accommodation and boarding	6,681,565	7,041,341
Activity	1,918,899	944,349
Tuition fees	27,145,906	26,709,879
Administration	9,741,734	9,173,582
Facilities & Materials	2,074,105	1,195,095
Attachment	489,000	279,139
Total Revenue from The Rendering of Services	48,051,208	45,343,384

10. Sale of Goods

Description	Current FY2024-2025	Comparative FY2023-2024
	Kshs	Kshs
Dust coats	15,500	87,200
Face masks	-	-
Dairy & Poultry Farm	29,000	-
Sale Of Goods	139,500	-
Total Revenue from Sale of Goods	184,000	87,200

11. Rental revenue from facilities and equipment

Description	Current FY2024-2025	Comparative FY2023-2024
	Kshs	Kshs
Hiring of Bus	192,800	421,700
Contingent Rentals	302,000	503,600
Conference Facilities	46,258,054	14,166,576
Hiring Out Facilities	13,000	
Camping Fee		
Total	46,765,854	15,091,876

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12. Finance Income

Description	Current FY 2024-2025	Comparative FY 2023-2024
	Kshs	Kshs
Cash investments and fixed deposits	-	-
Interest income from treasury bills	-	-
Interest income from treasury bonds	-	-
Interest from outstanding debtors	-	-
Interest on savings account	86,253	407,909
Total finance income	86,253	407,909

(Interest is earned on savings account.)

13. Miscellaneous Income

Description	Current FY 2024-2025	Comparative FY 2023-2024
	Kshs	Kshs
Income from sale of tender	7,000	
Braille transcription services	483,000	59,943
Reimbursements and refunds	5,600	258,600
Disposals	600	3,600
Total other income	496,200	322,143

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Notes To the Financial Statements (Continued)

14. Use of Goods and Services

Description	Current FY2024-2025	Comparative FY2023-2024
	Kshs	Kshs
Activity & Sports	1,949,900	3,499,185
Administration Expenses	22,734,705	17,108,593
Advertisement	-	
Airtime Expenses	73,750	51,275
Attachment Expenses	425,820	636,300
Boarding Expenses	15,025,453	22,581,749
Braille Transcription Expenses		
Bank Charges	914,395	
Cleaning materials	3,430,933	500,660
Conference Expenses	36,545,055	21,365,266
Dairy Farm Expenses		229,000
Electricity Water & Conservancy	3,149,880	4,076,981
Exam materials	2,683,741	1,345,605
Fees Refunds		114,400
Fuel & oil	447,945	989,395
Audit & monitoring	4,522,000	
ID Cards -Students expense		1,624,250
Insurance Motor vehicle	269,940	1,035,632
Insurance PA	119,388	
Internet Provision Expenses	907,663	388,586
Local Transport & Travelling	13,430,991	9,787,335
Marketing & advertisement	1,669,220	498,600
Medical Expenses	8,721	20,196
Newspapers	34,300	17,040
Performance Contracting Expenses	701,000	360,000
Production Unit-IGA's Expenses	439,400	696,134
NITA Levy	11,400	
Subscriptions	816,150	166,500
Staff Welfare Expenses	50,000	
Teaching and Training Materials	2,178,729	
Training & Capacity Building Expenses	27,633,730	14,727,673
Tuition & Teaching expenses	9,739,965	11,082,135
Tvet Fair & Robotics Exhibition		547,900
	149,914,173	113,450,390

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15. Employee Costs

Description	Current FY2024-2025	Comparative FY2023-2024
	Kshs	Kshs
Salaries and wages	15,539,974	11,047,992
Others (Specify)		-
Employee Costs	15,539,974	11,047,992

16. Board/Council Expenses

Description	Current FY2024-2025	Comparative FY2023-2024
	Kshs	Kshs
BOG Expenses	2,668,000	2,205,000
Other Board Expenses		200,000
Total	2,668,000	2,405,000

17. Depreciation and Amortization expense

Description	Current FY2024-2025	Comparative FY2023-2024
	Kshs	Kshs
Property, plant and equipment	10,215,446	8,178,050
Intangible assets	2,464,980	824,430
Total depreciation and amortization	12,680,426	9,002,480

18. Repairs and Maintenance

Description	Current FY2024-2025	Comparative FY2023-2024
	Kshs	Kshs
Property		5,279,036
Equipment and machinery		1,520,611
Vehicles		394,100
Furniture and fittings		84,600
Grounds- RMI	2,754,890	
Total Repairs and Maintenance	2,754,890	7,278,347

Notes To the Financial Statements (Continued)

19. Contracted Services

Description	Current FY2024-2025	Comparative FY2023-2024
	Kshs	Kshs
Security Services	248,000	1,825,709
Total contracted services	248,000	1,825,709

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20. Finance Costs

Description	Current FY2024-2025	Comparative FY2023-2024
	Kshs	Kshs
Withholding tax on interest	-	3,705
Bank charges	-	1,012,694
Total Finance Costs	-	1,016,400

21. Cash and Cash Equivalents

Description	Current FY2024-2025	Comparative FY2023-2024
	Kshs	Kshs
Current Account	7,892,970	12,030,630
Fixed deposits account	1,432,202	4,884,002
Development account	1,336,666	1,355,386
Others (Specify)		
Total Cash and Cash Equivalents	10,661,839	18,270,018

21(a). Detailed Analysis of Cash and Cash equivalents

Financial Institution	Account number	Current FY2024-2025	Comparative FY2023-2024
		Kshs	Kshs
a) Current Account			
Standard Chartered Bank - Current Account	0102867548600	7,892,970	12,030,630
Standard Chartered Bank -Savings Account	0152567548600	1,432,202	4,884,002
Equity Bank - Development	0600278546981	1,336,666	1,355,386
Sub- Total		10,661,839	18,270,018
Grand Total		10,661,839	18,270,018

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Notes to the Financial Statements (Continued)

22. Receivables from Exchange transactions

22 (a) Current Receivables from Exchange transactions

Description	Current FY2024-2025	Comparative FY2023-2024
	Kshs	Kshs
Current Receivables		
Student Debtors	18,000,876	12,785,924
Rent Debtors	808,500	as 568,500
Other Exchange Debtors	12,465,500	-
Less: Impairment Allowance	-	-
Total Current Receivables	31,274,876	13,354,424

22 (b) Ageing Analysis of Receivables from Exchange transactions

Description	Current FY2024-2025		Comparative FY2023-2024	
	Kshs		Kshs	
	Current FY	% of total	Comparative FY	% of the total
Less than 1 year	31,274,876	%	13,354,424	%
Between 1- 2 years	-	%	-	%
Between 2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total (a+b)	31,274,876	%	13,354,424	%

32 Receivables from Non-Exchange transactions

Description	Current FY2024-2025	Comparative FY2023-2024
	Kshs	Kshs
Current Receivables		
Capitation Grants*	-	-
Transfers from Other Govt. entities	-	-
Undisbursed Donor Funds	-	-
Other Debtors (Non-Exchange Transactions)	-	-
Less: Impairment Allowance	(-)	(-)
Total Current Receivables	-	-

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32 (a) Ageing Analysis on Receivables from Non-Exchange Transactions

Description	Insert Current FY		Insert Comparative FY	
	Kshs		Kshs	
	Current FY	% of the total	Comparative FY	% of the total
Less than 1 year	-	%	-	%
Between 1- 2 years	-	%	-	%
Between 2-3 years	-	%	-	%
Over 3 years	-	%	-	%
Total	-	%	-	%

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23. Inventories

Description	Current FY2024-2025	Comparative FY2023-2024
	Kshs	Kshs
Catering stores	24,393	990,008
Cleaning materials stores	854,577	399,326
Consumable stores	463,300	825,775
Electrical stores	3,679	12,710
Maintenance stores	-	40,070
Stationary	1,082,873	665,668
Less: Impairment allowance	-	-
Total Inventories at lower of Cost and Net Realizable Value	2,428,822	2,933,557

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24. Property, Plant and Equipment

Cost	Land	Buildings	Motor vehicles	Furniture and fittings	Computers	Machinery	Plant and Equipment	Capital Work in progress	Total
	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs	Kshs
At 1st July 2024	120,000,000	164,000,000	11,498,224	5,941,940	2,804,500	23,674,000	9,716,830	89,077,416	426,712,910
Additions	-	-	-	490,564	-	-	-	1,051,842	1,542,406
Disposals	-	-	-	-	-	-	-	-	-
Transfers/adjustments	-	-	-	-	-	-	-	-	-
As at 30th June 2025	120,000,000	164,000,000	11,498,224	6,432,504	2,804,500	23,674,000	9,716,830	90,129,258	428,255,316
Depreciation and impairment	-	-	-	-	-	-	-	-	-
At 1st July 2024	-	16,400,000	10,320,724	2,284,736	1,928,500	18,940,350	6,838,054	-	56,712,364
Depreciation	-	3,280,000	1,177,500	742,743	841,350	2,959,250	1,214,604	-	10,215,446
On Disposals	-	-	-	-	-	-	-	-	-
Impairment	-	-	-	-	-	-	-	-	-
Transfer/adjustment	-	-	-	-	-	-	-	-	-
As at 30th June 2025	-	19,680,000	11,498,224	3,027,479	2,769,850	21,899,600	8,052,658	-	66,927,810
Net book values									-
As at 30th June 2024	120,000,000	147,600,000	1,177,500	3,657,204	876,000	4,733,650	2,878,776	89,077,416	370,000,546
As at 30th June 2025	120,000,000	144,320,000	-	3,405,025	34,650	1,774,400	1,664,173	90,129,258	361,327,506

NOTE: Deprecation rates on buildings 2%, Motor vehicles 25%, Furniture & fittings 12.5%, Computers 30%, Plant & Machinery 12.5%, all on straight line basis.

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Notes to the Financial Statements (Continued)

Valuation

As per National Treasury guidelines, Land and buildings were identified and valued as per the National Liabilities and Management Policy and guidelines (Issued June 2020).

24(b) Property, Plant and Equipment at Cost

If the freehold land, buildings and other assets were stated on the historical cost basis the amounts would be as follows:

Description	Cost	Accumulated Depreciation	NBV
	Kshs	Kshs	Kshs
Land	120,000,000	-	120,000,000
Buildings	164,000,000	19,680,000	144,320,000
Machinery	23,674,000	21,899,600	1,774,400
Plant And Equipment	9,716,830	8,052,658	1,664,173
Motor Vehicles including Motorcycles	11,498,224	11,498,224	0
Computers and Related Equipment	2,804,500	2,769,850	34,650
Office Equipment, Furniture, And Fittings	6,432,504	3,027,479	2,914,461
WIP	90,129,258	-	89,077,416
Total	428,255,316	66,927,810	361,327,506

25. Intangible Assets

Description	Current FY2024-2025	Comparative FY2023-2024
	Kshs	Kshs
Cost		
At beginning of the year , July 1st 2024	12,324,900	7,518,900
Additions	-	4,806,000
At end of the year, June 30th 2025	12,324,900	12,324,900
Additions–internal development	-	-
At end of the year, June 30th 2025	-	12,324,900
Amortization and impairment		
At beginning of the year, july 1st 2024	5,136,210	4,311,780
Amortization	2,464,980	824,430
At end of the year, June 30th 2025	7,601,190	5,136,210
Impairment loss	-	-
At end of the year, June 30th 2025	-	-
NBV as at June 30th 2025	4,723,710	7,188,690

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Notes to the Financial Statements (Continued)

26. Trade and Other Payables

Description	Current FY2024-2025		Comparative FY2023-2024	
	Kshs		Kshs	
Trade payables	19,773,761		2,201,700	
Other Payables			-	
Total Trade and Other Payables	19,773,761		2,201,700	
Ageing analysis:	Current FY2024-2025	% of the Total	Comparative FY2023-2024	% of the Total
Under one year	19,773,761	100%	2,201,700	100
1-2 years		%	-	-
2-3 years		%	-	-
Over 3 years		%	-	-
Total (to tie to totals above)	19,773,761	100%	2,201,700	100

27. Refundable Deposits from Customers/Students

Description	Current FY2024-2025		Comparative FY2023-2024	
	Kshs		Kshs	
Consumer deposits	-		-	
Caution money	1,075,820		867,420	
Other refundable deposits	307,328		130,700	
Total Deposits	1,383,148		998,120	
Ageing analysis:	Current FY2024-2025	% of the Total	Comparative FY2023-2024	% of the Total
Under one year	567,090	41%	410,300	39%
1-2 years	318,124	23%	230,520	39%
2-3 years	318,124	23%	231,770	7%
Over 3 years	179,809	13%	125,530	15%
Total (to tie to totals deposits above)	1,383,148	100 %	998,120	100 %

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28. Deferred Income

Description	Current FY2024-2025	Comparative FY2023-2024
	Kshs	Kshs
National Government	4,173,912	4,173,912
International Funding Bodies	-	-
Public Contributions and Donations	-	-
Total Deferred Income	4,173,912	4,173,912

28aThe deferred income movement is as follows:

9. Description	National government	International funders/ donors	Public contributions and donations	Total
	Kshs	Kshs	Kshs	Kshs
Balance brought forward	4,173,912	-	-	4,173,912
Additions during the year				
Transfers to capital fund				
Transfers to income statement				
Other transfers				
Balance carried forward	4,173,912	-	-	4,173,912

Include columns as needed for the various sources of income deferred.

Analysed as:

Description	Amount
	Kshs
Current	4,173,912
Non- Current	-
Total	4,173,912

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Notes to the Financial Statements (Continued)

29 Payments received in advance.

Description	Current FY2024-2025		Comparative FY2023-2024	
	Kshs		Kshs	
Fees received in advance	4,170,618		2,908,079	
Others (Exams registration)	-		298,080	
Kuccps registration	94,561			
Tvet Fees	109,075			
Total	3,165,743		3,206,159	
Ageing analysis:	Current FY2024-2025	% of the Total	Comparative FY2023-2024	% of the Total
Under one year	3,165,743	100%	3,206,159	100%
1-2 years		%		%
2-3 years		%		%
Over 3 years		%		%
Total	3,165,743	100%	3,206,159	100%

30. Cash generated from operations.

Surplus for the year before tax	Current FY2024-2025	Comparative FY2023-2024
	Kshs	Kshs
Surplus for the year before tax	(19,247,156)	1,162,195
Adjusted for:		
Depreciation	12,680,426	9,002,480
Non-Cash grants received		(-)
Contributed assets		-
Impairment		-
Gains and Losses on Disposal of Assets		(-)
Contribution to provisions		-
Contribution to impairment allowance		-
Finance Income		-
Finance Cost		-
Working Capital Adjustments		-
Decrease in Inventory	504,735	(1,038,259)
Increase in Receivables	(17,920,452)	(2,334,123)

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Surplus for the year before tax	Current FY2024-2025	Comparative FY2023-2024
	Kshs	Kshs
Increase in Deferred Income		
Increase in Payables	17,572,061	1,244,452
Increase in refundable deposits from customers	385,028	
Increase in Payments received in advance	(40,415)	970,371
Net Cash Flow from Operating Activities	(6,065,773)	9,007,115

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Notes to the Financial Statements (Continued)

27. Financial Risk Management

The entity's activities expose it to a variety of financial risks including credit and liquidity risks and effects of changes in foreign currency. The company's overall risk management programme focuses on unpredictability of changes in the business environment and seeks to minimise the potential adverse effect of such risks on its performance by setting acceptable levels of risk. The company does not hedge any risks and has in place policies to ensure that credit is only extended to customers with an established credit history.

The entity's financial risk management objectives and policies are detailed below:

(i) Credit risk

The entity has exposure to credit risk, which is the risk that a counterparty will be unable to pay amounts in full when due. Credit risk arises from cash and cash equivalents, and deposits with banks, as well as trade and other receivables and available-for-sale financial investments.

Management assesses the credit quality of each customer, taking into account its financial position, past experience and other factors. Individual risk limits are set based on internal or external assessment in accordance with limits set by the directors. The amounts presented in the statement of financial position are net of allowances for doubtful receivables, estimated by the company's management based on prior experience and their assessment of the current economic environment.

The carrying amount of financial assets recorded in the financial statements representing the entity's maximum exposure to credit risk without taking account of the value of any collateral obtained is made up as follows:

Description	Total amount Kshs	Fully performing Kshs	Past due Kshs	Impaired Kshs
At 30 June 2024				
Receivables from exchange transactions	12,785,924	12,785,924	-	-
Receivables from non-exchange transactions	568,500	568,500	-	-
Bank balances	18,270,018	18,262,267	-	-
Total	31,624,442	31,616,691	-	-
At 30 June 2025				
Receivables from exchange transactions	18,000,876	18,000,876	-	-
Receivables from non-exchange transactions	808,500	808,500	-	-
Bank balances	10,661,839	10,661,839	-	-
Total	29,471,215	29,471,215	-	-

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Notes to the Financial Statements (Continued)
Financial risk management (continued)

The customers under the fully performing category are paying their debts as they continue trading. The credit risk associated with these receivables is minimal and the allowance for uncollectible amounts that the company has recognised in the financial statements is considered adequate to cover any potentially irrecoverable amounts.

The entity has significant concentration of credit risk on amounts due from MTIB.

The board of directors sets the company's credit policies and objectives and lays down parameters within which the various aspects of credit risk management are operated.

(ii) Liquidity risk management

Ultimate responsibility for liquidity risk management rests with the entity's directors, who have built an appropriate liquidity risk management framework for the management of the entity's short, medium and long-term funding and liquidity management requirements. The entity manages liquidity risk through continuous monitoring of forecasts and actual cash flows.

The table below represents cash flows payable by the company under non-derivative financial liabilities by their remaining contractual maturities at the reporting date. The amounts disclosed in the table are the contractual undiscounted cash flows. Balances due within 12 months equal their carrying balances, as the impact of discounting is not significant.

Description	Less than 1 month	Between 1- 3 months	Over 5 months	Total
	Kshs	Kshs	Kshs	Kshs
At 30 June 2024				
Trade Payables	2,201,700	-	-	-
Current Portion Of Borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred Income	4,173,912	-	-	-
Employee Benefit Obligation	-	-	-	-
Total	6,375,612	-	-	-
At 30 June 2025	-	-	-	-
Trade Payables	21,156,909	-	-	-
Current Portion Of Borrowings	-	-	-	-
Provisions	-	-	-	-
Deferred Income	4,173,912	-	-	-
Employee Benefit Obligation	-	-	-	-
Total	28,496,564	-	-	-

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Notes to the Financial Statements (Continued)
Financial risk management (continued)

(iii) Market risk

The entity has put in place an internal audit function to assist it in assessing the risk faced by the entity on an ongoing basis, evaluate and test the design and effectiveness of its internal accounting and operational controls.

Market risk is the risk arising from changes in market prices, such as interest rate, equity prices and foreign exchange rates which will affect the entity's income or the value of its holding of financial instruments. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while optimising the return. Overall responsibility for managing market risk rests with the Audit and Risk Management Committee.

The entity's Finance Department is responsible for the development of detailed risk management policies (subject to review and approval by Audit and Risk Management Committee) and for the day-to-day implementation of those policies.

There has been no change to the entity's exposure to market risks or the manner in which it manages and measures the risk.

a) Foreign currency risk

The entity has no transactional currency exposures. Such exposure arises through purchases of goods and services that are done in currencies other than the local currency. Invoices not denominated in foreign currencies are paid after 60 days from the date of the invoice and conversion at the time of payment is done using the prevailing exchange rate. The carrying amount of the entity's foreign currency denominated monetary assets and monetary liabilities at the end of the reporting period are as follows:

Description	In Kshs	Other currencies	Total
	Kshs	Kshs	Kshs
At 30 June 2024			
Financial Assets (Investments, Cash, Debtors)	-	-	-
Liabilities	-	-	-
Trade and Other Payables	-	-	-
Borrowings	-	-	-
	-	-	-
Net Foreign Currency Asset/(Liability)	-	-	-

The entity manages foreign exchange risk from future commercial transactions and recognised assets and liabilities by projecting for expected sales proceeds and matching the same with expected payments.

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Notes to the Financial Statements (Continued)
Financial risk management (continued)

Foreign currency sensitivity analysis

The following table demonstrates the effect on the company's statement of comprehensive income on applying the sensitivity for a reasonable possible change in the exchange rate of the three main transaction currencies, with all other variables held constant. The reverse would also occur if the Kenya Shilling appreciated with all other variables held constant.

	Change in currency rate	Effect on Profit before tax	Effect on equity
	Kshs	Kshs	Kshs
2022			
Euro	10%	-	-
Usd	10%	-	-
2023			
Euro	10%	-	-
Usd	10%	-	-

b) Interest rate risk

Interest rate risk is the risk that the entity's financial condition may be adversely affected as a result of changes in interest rate levels. The company's interest rate risk arises from bank deposits. This exposes the company to cash flow interest rate risk. The interest rate risk exposure arises mainly from interest rate movements on the company's deposits.

Management of interest rate risk

To manage the interest rate risk, management has endeavoured to bank with institutions that offer favourable interest rates.

Sensitivity analysis

The entity analyses its interest rate exposure on a dynamic basis by conducting a sensitivity analysis. This involves determining the impact on profit or loss of defined rate shifts. The sensitivity analysis for interest rate risk assumes that all other variables, in particular foreign exchange rates, remain constant. The analysis has been performed on the same basis as the prior year.

Using the end of the year figures, the sensitivity analysis indicates the impact on the statement of comprehensive income if current floating interest rates increase/decrease by one percentage point as a decrease/increase of Kshs xxx (20XX: Kshs xxx). A rate increase/decrease of 5% would result in a decrease/increase in profit before tax of Kshs xxx (20XX – Kshs xxx)

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**Notes to the Financial Statements (Continued)
Financial risk management (continued)**

iv) Capital Risk Management

The objective of the entity's capital risk management is to safeguard the entity's ability to continue as a going concern. The entity capital structure comprises of the following funds:

Description	Current FY2024-2025	Comparative FY2023-2024
	Kshs	Kshs
Revaluation Reserve	-	-
Retained Earnings	- 65,761,513	(46,514,357)
Capital Reserve		-
Total Funds	- 65,761,513	(46,514,357)
Total Borrowings		-
Less: Cash and Bank Balances	10,661,839	18,270,018
Net Debt/(Excess Cash and Cash Equivalents)	-10,661,839	-18,270,018
Gearing	617%	255%

28. Related Party Balances

Nature of related party relationships

Entities and other parties related to the entity include those parties who have ability to exercise control or exercise significant influence over its operating and financial decisions. Related parties include management personnel, their associates and close family members.

Government of Kenya

The Government of Kenya is the principal shareholder of the MTIB, holding 100% of MTIB equity interest. The Government of Kenya has provided full guarantees to all long-term lenders of the entity, both domestic and external. Other related parties include:

- i) The National Government;
- ii) The Parent Ministry;
- iii) Key management;
- iv) Board of directors;

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Notes to the Financial Statements (Continued)

The transactions and balances with related parties during the year are as

Description	Current FY2024-	Comparative
	2025	FY2023-2024
	Kshs	Kshs
Transactions with Related Parties		
a) Sales to related parties		
Sales of electricity to govt agencies	-	-
Rent income from govt. agencies	-	-
Water sales to govt. agencies	-	-
Others (<i>specify</i>)	-	-
Total	-	-
B) Purchases from related parties		
Purchases of electricity from kplc	-	-
Purchase of water from govt service providers	-	-
Rent expenses paid to govt agencies	-	-
Training and conference fees paid to govt. agencies	-	-
Others (<i>specify</i>)	-	-
Total	-	-
b) Grants /Transfers from the Government		
Grants from National Govt	-	-
Grants from County Government	-	-
Donations in Kind	-	-
Total	-	-
c) Expenses incurred on behalf of related parties		
Payments of Salaries and Wages for xx Employees	-	-
Payments for Goods and Services for XX	-	-
Total		
d) Key Management Compensation		
Directors' emoluments	-	-
Compensation to Key Management	-	-
Total	-	-

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29. Segment Information

MTIB doesn't operate in segmentation.

Notes to the Financial Statements (Continued)

30. Contingent Assets and Contingent Liabilities

Contingent Assets

Description	Current FY2024-2025	Comparative FY2023-2024
	Kshs	Kshs
Contingent Assets		
Insurance Reimbursements	-	-
Assets arising from determination of Court Cases	-	-
Reimbursable Indemnities and Guarantees	-	-
Others (<i>Specify</i>)	-	-
Total	-	-

Contingent Liabilities

Description	Current FY2024-2025	Comparative FY2023-2024
	Kshs	Kshs
Contingent Liabilities	-	-
Court Case Xxx against (<i>The Entity</i>)	-	-
Bank guarantees in favour of subsidiary	-	-
Contingent liabilities arising from Contracts including PPPs	-	-
Others (<i>Specify</i>)	-	-
Total	-	-

31. Capital Commitments

Capital Commitments	Current FY2024-2025	Comparative FY2023-2024
	Kshs	Kshs
Authorised for	-	-
Authorised and Contracted for	-	-
Total	-	-

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Notes to the Financial Statements (Continued)

32. Events After The Reporting Period

There were no material adjusting and non- adjusting events after the reporting period.

33. Ultimate And Holding Entity

The entity is a State Corporation/ or a Semi- Autonomous Government Agency under the Ministry of education state department of Tvet. Its ultimate parent is the Government of Kenya.

34. Currency

The financial statements are presented in Kenya Shillings (Kshs) and the values are rounded off to the nearest shilling.

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20. Appendices

Appendix 1: Implementation Status of Auditor-General Recommendations

The following is the summary of issues raised by the external auditor, and management comments that were provided to the auditor.


Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)
2023/2024	Shortage of critical technical staff	The vacancies for the said critical technical staff were advertised and recruitment for the positions is ongoing. Therefore, the shortage will be addressed immediately.		
2023/2024	Non-compliance with law on ethnic composition	Majority of the employees are lower cadre employees who the Institute attracted from the local community and hence the high number of employees from the dominant community. Further, majority of the employees were employed before the law on ethnic composition came into existence. However, the new recruitments being done currently, management has endeavored to bridge the ethnic gap, especially for the managerial positions, by giving opportunity to other communities.		

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Reference No. on the external audit Report	Issue / Observations from Auditor	Management comments	Status: (Resolved / Not Resolved)	Timeframe: (Put a date when you expect the issue to be resolved)

Guidance Notes:

- (i) Use the same reference numbers as contained in the external audit report;
- (ii) Obtain the “Issue/Observation” and “management comments”, required above, from final external audit report that is signed by Management;
- (iii) Before approving the report, discuss the timeframe with the appointed Focal Point persons within your entity responsible for implementation of each issue;
- (iv) Indicate the status of “Resolved” or “Not Resolved” by the date of submitting this report to National Treasury.



Name: Dr. P. Nduku Mutua
Accounting Officer
The Chief Principal
Date:



Appendix II: Projects Implemented by MTIB.

Projects

Projects implemented by the State Corporation/ SAGA Funded by development partners.

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Project title	Project Number	Donor	Period/ duration	Donor commitment	Separate donor reporting required as per the donor agreement (Yes/No)	Consolidated in these financial statements (Yes/No)
1						
2						

Status of Projects completion

(Summarise the status of project completion at the end of each quarter, i.e. total costs incurred, stage which the project is etc)

	Project	Total project Cost	Total expended to date	Completion % to date	Budget	Actual	Sources of funds
1							
2							
3							

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Appendix IV: Reporting of Climate Relevant Expenditures

Project Name	Project Description	Project Objectives	Project Activities					Source Of Funds	Implementing Partners
				Q1	Q2	Q3	Q4		
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-	-	-

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Appendix V: Reporting on Disaster Management Expenditure

Column I	Column II	Column III	Column IV	Column V	Column VI	Column VII
Programme	Sub-programme	Disaster Type	Category of disaster related Activity that require expenditure reporting (response/recovery/mitigation/preparedness)	Expenditure item	Amount (Ksh s.)	Comments
-	-	-	-	-	-	-
-	-	-	-	-	-	-